

LATE NEWS

Alex. Brown ready to buy F.I.A.

BALTIMORE — A letter of intent is expected to be signed soon for the sale of F.I.A. Associates, Sacramento, Calif., to Alex. Brown Realty Advisors Inc., Baltimore, industry sources said.

Robert H. Gidel, managing director and chief investment officer of Alex. Brown Realty, however, said there is no definitive agreement. H. James Griggs, chairman, president and founder of F.I.A., could not be reached for comment, nor could representatives of Bear, Stearns & Co., Los Angeles, which has been retained to sell F.I.A.

One of F.I.A.'s largest clients, however, has been notified of the sale. DeWitt Bowman, chief investment officer of the \$55 billion California Public Employees' Retirement System, said F.I.A. executives had let him know an agreement had been reached to sell the firm to Alex. Brown Realty.

"We're pleased," Mr. Bowman said of the transaction. "We feel it's entirely appropriate that it be acquired by a firm that is in the real estate business. We think it's a good matchup." F.I.A. manages \$1.3 billion for the system.

F.I.A.'s parent company, MeraBank, Phoenix, Ariz., put the firm up for sale as part of a restructuring plan (*Pensions & Investment Age*, Aug. 21).

Other F.I.A. clients reached for comment said they had not heard a sale agreement was imminent.

Real estate consultants said they were not aware of the development, either, but were not surprised by it.

Alex. Brown and F.I.A. have at least one client in common, the \$23.5 billion Teacher Retirement System of Texas, Austin. F.I.A.'s clients are all public pension funds.

As of June 30, F.I.A. had \$2,463 billion in tax-exempt assets under management, of which \$1,418 billion was in real estate equity, \$1,062 billion in hybrid debt and \$163 million in mortgages. Alex. Brown Realty had \$1,162 billion in tax-exempt assets managed, of which \$437 million was in real estate equity, \$695 million in hybrid debt and \$30 million in mortgages.

Bank to spin off investment unit

CHICAGO — Continuing a trend toward spinoffs of banks' investment units, Harris Bankcorp Inc. is seeking to form a money management subsidiary.

If approved by regulators, the services of Harris Bank's institutional investment management group would be transferred to the new subsidiary, to be called Harris Investment Management. The group has \$8.5 billion under management for tax-exempt institutional investors. It manages another \$300 million in mutual funds, which have a mix of individual and institutional clients.

John C. Kirscher, the group's chief investment officer, would head the subsidiary, overseeing a staff of 75.

Regulators whose approval is needed include the Federal Reserve System and the Securities and Exchange Commission. Bank officials said they expect approval before the end of the year.

Funds add to manager lineups

• BAKERSFIELD, Calif. — Making its first move into international investing, the roughly \$427 million Kern County Employees' Retirement Association hired Wells Fargo Investment Advisors, San Francisco, to manage \$40 million in passive international equities.

The account likely will track a customized index, as trustees indicated interest in limiting exposure to Japan, said William S. Hutchinson, pension administrator. Trustees chose a passive rather than active approach because of active managers' difficulty in beating market indexes, he said.

Wilshire Associates, Santa Monica, was consultant in the search.

• HOUSTON — The \$570 million Houston Firemen's Relief and Retirement Funds has committed \$6.25 million to Hyperion Partners, a New York limited partnership that invests in financial services companies including savings and loans.

James Rickenbacker, investment officer, said the fund had been seeking a viable method of investing in the S&L industry and Hyperion offered the best opportunity.

Hyperion owns United Savings Association of Texas, a Houston thrift.

George Cones, executive director, said the Hyperion investment should provide "an opportunity to realize above-average returns through the recovery of the Texas economy and the Houston-based financial institution. We look forward to watching the partners capitalize on the changes under way in the savings and loan industry and blending other financial service companies and real estate based investments into the partnership."

DEPARTMENTS

Cash management	61	Money movers	63
Classified	68	Mutual funds	17
Current accounts	63	Opinion	10
Datebook	58	People	65
Financing	13	Portfolio management	59
International	29	PROPERTY	33
Letters	10	Washington	26

Activism blasted

CEO claims results aren't worth effort

By Marcia Parker

NEW YORK — General Mills Inc. Chief Executive Officer Bruce Atwater, one of the few chief executives who has been vocal about growing institutional investor activism in the corporate governance arena, last week criticized those initiatives, saying there is no evidence their campaigns have paid off in improved corporate performance.

Bucking the beliefs of many activist institutional shareholders, Mr. Atwater said corporate performance and corporate governance are two separate issues. There is no relationship between the two, Mr. Atwater said in a keynote address to institutional investors attending a conference hosted by the Institute for International Research.

On hand were representatives from more than 50 corporate,

state and public pension funds and money management firms, some of whom took issue with his remarks.

Although they agreed it is hard to measure any correlation, they are confident institutional investors can rightly claim some credit for companies that have moved to maximize shareholder value in recent years. Others said the views Mr. Atwater expressed were representative of most corporate executives, especially members of the Business Roundtable. Such beliefs, they added, are part of the reason there is often friction between management and institutional shareholders.

The Business Roundtable represents the nation's top executives, and its members have been reluctant to speak out on corporate governance issues. Because Mr. Atwater heads the group's task force on corporate responsibility, which focuses on corporate governance, his near condemnation of institutional investor activism carries more weight.

Mr. Atwater stopped short of asking the activists to get off the collective back of corporate managements, but he called their ef-

forts counterproductive in the evolving relationship between companies and institutional shareholders.

When Richard Koppes, chief counsel of the \$45.9 billion California Public Employees' Retirement System, one of the most activist pension funds in the country, asked what institutional shareholders should be doing to enhance communication, Mr. Atwater offered few specifics.

While Mr. Atwater seemed to be calling for a scaling back of institutional investor activism, Edward Regan, New York state comptroller and steward of the \$38 billion New York State & Local Retirement System, unveiled several new and far-reaching proposals being developed by him and his staff to help institutional shareholders exercise their corporate ownership responsibilities. "Ownerless capitalism will not work," he said.

Mr. Regan called for the separation of the positions of corporate chief executive officer and chairman of the board of directors; the establishment of a nominating committee composed

Continued on page 69

Extending the reach

Financial firms cementing global connections

By Marcia Parker

NEW YORK — The recent international teamings of financial services and investment management firms are part of a growing trend bringing together diverse financial institutions to create global financial service powerhouses.

These firms are combining their expertise in money management, corporate finance and advisory work to provide a wider range of financial services institutional clients worldwide are demanding as the industry becomes more global.

In September, the Matuschka Group, a European investment management and financial services firm, joined forces with six global financial services industry leaders. Partners with Matuschka



Ulrich Moser of the Matuschka Group says more clients want international service.

in the new firm, Matuschka Group Limited Partnership, are Nomura International PLC, GE Capital USA, France's Suez International S.A., Britain's Charterhouse Bank Ltd. and Willowbridge Investments Ltd., and Italy's AKROS International Holding S.A.

The financial institutions collectively bought 25% of Matuschka, a private firm formed in 1970 with about \$850 million under management. Partner Ulrich Moser declined to say how much capital each partner contributed, but he did say the new firm's capital would be boosted substantially. The other 75% will remain with 33 senior Matuschka managers. The Matuschka Group employs 390 people in 17 offices

Continued on page 66

Foreign realty draws attention

By Steve Hemmerick

U.S. pension funds and their investment management firms are laying the groundwork for forays into international real estate investing, an area of growing inter-

est among institutional investors.

• Officials for the \$1.4 billion Hercules Inc. pension fund, Wilmington, Del., are exploring ways to invest in international property — probably in Europe — as a means of further diversifying the fund's real estate portfolio, which comprises 12% to 15% of its total assets, said John R. Long, director of investments.

• In an attempt to broaden its client base, Jones Lang Wootton Realty Advisors, New York, has named Stanislaw Maliszewski a managing director with initial responsibility for marketing the new J.L.W. Western Europe Property Fund, said John A. Weisz, a partner of Jones Lang Wootton Realty Advisors.

• Jones Lang Wootton U.S.A., an affiliate of Jones Lang Wootton Realty Advisors, is putting the finishing touches on a \$3 billion international real estate investment venture with Prudential Real Estate Group, Newark, N.J.

international property vehicle, which could take the form of a real estate investment trust, although the partial management buy-out of the former North American subsidiary of REI Ltd. has slowed work on its development, according to David R. Hodes, a director with Yarmouth.

• Equitable Real Estate Investment Management Inc., New York, reportedly has begun to quietly market an international real estate product, but no details on that fund were immediately available.

The larger pension funds are expected to take the initial lead in foreign property investments.

"I think the largest institutional investors will be actively considering or investing in international real estate over the next 18 or 30 months," said Alan Emkin, a principal with Pension Consulting Alliance, Glendale, Calif.

"The first step in that direction, although it was much closer to



Stanislaw Maliszewski will

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Off-floor trading proposal hailed

By Trudy Ring

Investment professionals for the most part lauded the Chicago Mercantile Exchange's proposal to allow some degree of off-floor trading for large blocks of Standard & Poor's 500 Stock Index futures.

The proposal likely would create a more liquid and efficient marketplace for institutional investors. The idea will be implemented on a pilot basis if approved by the Commodity Futures Trading Commission.

"The basic idea is a good idea," said Edward B. Dillman, president of Harris Derivative Investments

Inc., Chicago. "It's hard to argue with because it needs doing."

"I think it's a step in the right direction," said Girish Reddy, chief investment officer of Leland O'Brien Rubinstein Associates Inc., Los Angeles.

The proposal would allow member firms with a customer order to buy or sell 300 or more S&P 500 futures contracts to find a counterparty to the trade "upstairs," or outside the trading pit.

Upon finding a counterparty, the firm would notify an exchange official and announce the order to the pit, without disclosing the intended price. Traders in the pit would have the opportunity to trade with all or part of the order; the remainder then would be traded to the counterparty at the agreed-upon price.

The proposal has the endorsement of the Merc committee that reviewed trading practices after recent criminal investigations of traders in pits other than the S&P 500. It also had a certain amount of advocacy from the exchange's equity products advisory committee, which includes representatives from pension funds, money management firms and brokerage houses.

"It has certainly been discussed and I think there has been some advocacy for this," said Frederick L.A. Grauer, chairman of Wells Fargo Investment Advisors, San Francisco, and a member of the equity products advisory committee.

Merc officials said the concept is comparable to block facilitation rules for stocks. It also is designed to meet the needs of the exchange's institutional clientele.

"The institutions have become a more important part of the S&P 500 market," said Joanne M. Hill, first vice president of PaineWebber Inc., New York.

"You're always better off when you have more potential bids and offers brought to bear on a large trade," Ms. Hill said.

"Clearly, it's beneficial to the customer for both the upstairs and the downstairs marketplace to have a shot at filling the order," said Steve Wunsch, vice president of Kidder, Peabody & Co. Inc., New York.

Such enthusiasm was not in evidence at the Chicago Board of Trade, the Merc's major rival in the futures markets. "The Board of Trade's markets have always provided enough liquidity that off-floor block trading has not been necessary," spokesman Mark Prout said.

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CORRECTIONS & CLARIFICATIONS

• SEI Corp. has nearly 70 clients for its transaction cost analysis services sold to plan sponsors and money managers. Both products are being marketed actively, and SEI has garnered eight new plan sponsors in the past four months. An article in the Sept. 18 issue inaccurately portrayed the acceptance and status of those products.

The same article referred to a study commissioned by Jefferies & Co Inc., which is a New York brokerage firm that specializes in third-market transactions. The firm had been misidentified.

• Commercial Capital Management is in Arkansas. The location was incorrect in the Aug.

Assets swell by 20% But Japanese outspend U.S. investors

By Steve Hemmerick

U.S. pension investors appear to be committing new dollars to real estate investment in this country at a slower pace than the Japanese, a comprehensive *Pensions & Investment Age* survey of institutional real estate advisers has found.

U.S. tax-exempt investors have committed an estimated \$12.214 billion in new dollars to property investments during the year ended June 30, the survey showed.

A study done by Kenneth Leventhal & Co., a Los Angeles accounting and real estate consulting firm, revealed Japanese investors spent, not just committed, \$16.54 billion on U.S. real estate during calendar year 1988. Although the time periods are different by six months, Japanese investment in U.S. property is thought to remain brisk at between \$13 billion and \$15 billion annually, according to Jack R. Rodman, a managing partner in Leventhal's Los Angeles office.

The commitment of U.S. tax-exempt investors to domestic real estate might be slightly less than \$12.2 billion because a small amount of their assets is being targeted for non-U.S. properties.

According to Mr. Rodman, some key reasons U.S. tax-exempt investors appear to be trailing Japanese investment in U.S. real estate are the Japanese are willing to take slightly higher risks; they invest in property types U.S. pension funds tend to avoid, such as hotels, golf courses and single-family homes; and they are willing to take lower initial cash-on-cash yields on trophy office buildings and other properties.

More than 100 investment management firms returned *P&I Age's* questionnaire. The top 50, ranked by tax-exempt assets, are profiled on the following pages.

According to the survey, there was \$113.413 billion in tax-exempt real estate assets as of June 30, up 19.9% from \$94.579 billion the previous year.

Tax-exempt equity real estate assets rose 24.3% to \$90.145 billion as of June 30; tax-exempt

hybrid debt assets climbed 17% to \$17.875 billion; and tax-exempt mortgage assets fell 19.6% to \$5.292 billion from \$6.586 billion.

Of the \$18.834 billion increase in tax-exempt real estate assets, about \$6.62 billion was the result of investment appreciation and income, based on the 7% total return of the FRC Property Index for year ended June 30.

The new money flowing into realty investments, plus the increase in value of existing property holdings, has increased the allocation to real estate to 4.2% of an estimated \$2.675 trillion in total pension assets as of June 30, from 3.8% of an estimated \$2.463 trillion a year earlier.

"Surprisingly, although the allocation to real estate is increasing, tax-exempt investors are still far behind the targeted asset allocations they have established for themselves," said Kevin Lynch, a principal with The Townsend Group, Cleveland.

Although tax-exempt investors committed only \$12.2 billion in new dollars to property investments, real estate money managers appear to be choking on those commitments.

The 108 managers responding to the survey reported \$2.5 billion in contributions received but not invested as of June 30. In addition, those managers reported \$8.2 billion had been committed to them for investment, but the cash had not yet been received. Some pension investors distribute cash to their money managers only after the manager has located an investment and the money is needed.

"That means that \$2 billion was actually put to work during that 12-month time period. That suggests to me that an awful lot of money is standing in the wings waiting to be invested and looking for deals, and perhaps the managers are having a difficult time finding the transactions that meet their investment criteria," said Nori Gerardo, a managing director with Pension Consulting Alliance in Glendale, Calif.

With all that money backed up, it was no surprise 68 of the 108

real estate managers surveyed said they were going to concentrate on acquisition of properties in the coming months.

The survey also showed 25 managers were going to concentrate on asset management and rehabilitation of existing properties and seven were going to focus on the disposition of properties.

There has been a sharp move of more than \$2 billion during the past 12 months to industrial properties from offices, which consultants say is not unexpected given the problems in the office market.

During the year ended June 30, there was a two percentage point reduction in the allocation to the office sector to 35%, equal to \$2.3 billion. There also was a two percentage point increase in the allocation to industrial properties — to 21% of tax-exempt assets.

The investment in retail assets remained stable — 21% of tax-exempt assets — during the year ended June 30. Of the 12% of assets grouped in the "other" category, however, there appears to be a considerable allocation to mixed-use properties, which could include retail space.

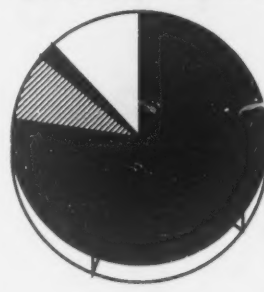
Many of the managers listing "other" investments also indicated substantial investments in land, business parks, farmland, timberland and mobile home parks.

Other allocations that remained the same during the year were multifamily housing, 9%, and hotels and resorts, 2%.

Thirty-four managers said they would emphasize investment in industrial properties during the year, the most popular area of investment. Another 18 managers said they would emphasize investment in retail properties; 11 managers said they would emphasize office properties, which used to be the favorite; and 11 firms said they would focus on multifamily investments, which have become an increasingly popular investment choice.

According to the survey, two managers said they would emphasize congregate care housing; three managers were focusing on timber; two managers were em-

Property mix of tax-exempt portfolios



- Office/commercial: 35%
- Retail: 21%
- Industrial: 21%
- Multifamily housing: 9%
- Hotel/resort: 2%
- Other: 12%

phasizing farmland; one firm was going to concentrate on investments in land; and one manager was going to focus on storage facilities.

Not all of the managers indicated a preference; 19 firms reported they had no particular emphasis on property types and two others said they didn't expect to be buying property. Four firms did not answer the question.

"Just this year, from the searches that we have conducted, there is a lot of interest in specialty property types," said Townsend's Mr. Lynch. "A lot of new capital is hitting the markets for property types that were previously not known to institutional investors, such as apartments."

There also were changes in the regional allocation of the tax-exempt portfolios. The regional allocations use the FRC index's regional locations.

As of June 30, the managers had 34% of their tax-exempt assets in the West, compared with 35% the previous year; 20% in the Midwest, compared with 22%; 20% in the East, up from 18%; and 26% in the South, up from 25%.

As in past years, most of the assets allocated to real estate were concentrated among a few, large managers.

The 10 largest money managers, based on tax-exempt assets under management, had \$57.5 billion in tax-exempt assets allocated to them, some 50.7% of all the tax-exempt money allocated to real estate. The Top 20 real estate firms controlled \$81.2 billion, or 71.6% of the tax-exempt total.

The survey also showed the amount of money in separate accounts is nearing the amount in commingled funds. About \$50.5 billion, or 45% of the tax-exempt assets, was in separate accounts, compared with \$62.9 billion, or 55%, in commingled funds.

According to the survey, the manager with the most tax-exempt assets was Equitable Real Estate Investment Management Inc., New York, with \$10.225 billion in assets as of June 30, up 22.9% from the previous year. According to Equitable Real Estate officials, however, about half of that increase was due to the natural increase in asset values and about \$1 billion was from the allocation of new dollars.

George R. Puskar, president and chief executive officer for Equitable Real Estate, said the new contributions were split about equally among separate accounts, specialized closed-end funds and open-end funds. Several large separate accounts, he said — each in the \$100 million range — came from large public funds.

About one-third of the new dollars Equitable received for investment went into retail properties, particularly large shopping malls, said Mr. Puskar.

Equitable grabbed the top-spot

from Copley Real Estate Advisors, Boston, which slipped to third place with a reported \$7.818 billion in tax-exempt assets.

Copley had reported \$8.698 billion in tax-exempt assets as of June 30, 1988, but that included about \$2 billion in general accounts assets of its parent company, The New England, which were not included in this year's total. When the insurance company's assets are taken into account, Copley's tax-exempt assets actually rose 16.7%.

In second place was JMB Institutional Realty Corp., Chicago, with \$8.801 billion in assets, up 29.4%. JMB did finish first among real estate managers holding tax-exempt assets for investment in non-U.S. properties with \$4.289 billion. Far behind in second place was The RREEF Funds, San Francisco, with \$61 million.

Copley was first among 49 real estate managers with tax-exempt assets in developmental properties, with about \$3.83 billion. Second was Morgan & Co., San Francisco, with \$1.35 billion. Morgan also had 74% of its assets in single-family homes.

The Yarmouth Group, New York, finished first among real estate managers with non-U.S. clients, with \$3.06 billion. According to the survey, 31 managers run a total of \$16.768 billion for non-U.S. clients.

Almost one-half of The Yarmouth Group's assets managed for non-U.S. clients — \$1.45 billion — came from Japanese investors. Twelve managers held \$6.501 billion in assets for Japanese clients.

The survey found 55 real estate managers have earmarked a total of \$1.531 billion for rehabilitation of existing properties in their tax-exempt portfolios. The manager with the largest allocation for rehabilitation is Jones Lang Wootton Realty Advisors, New York, with \$250 million.

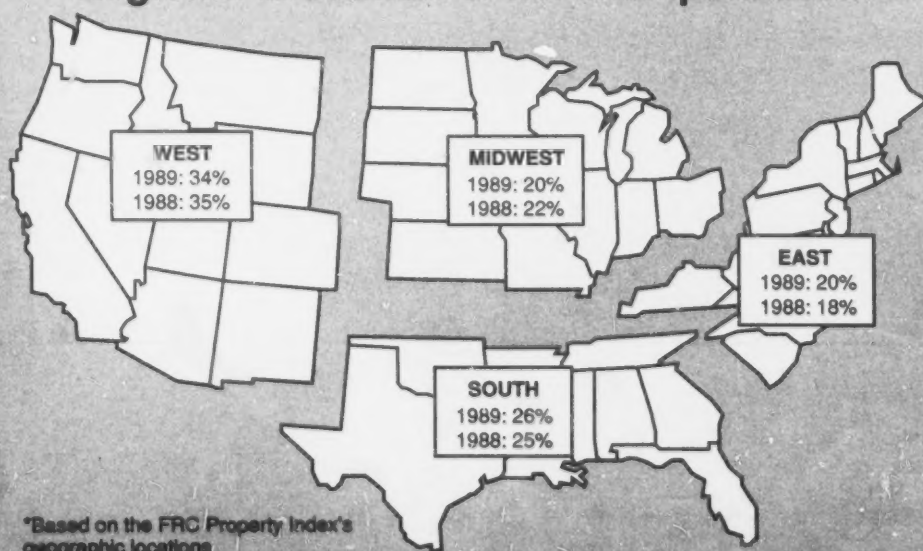
Among all the firms responding, total assets rose 4.9% to \$326.584 billion as of June 30, from \$311.159 billion the previous year. The Prudential Realty Group, Newark, N.J., again was ranked first by total real estate assets, with \$52.8 billion, up 39.6%.

Index of tables

Top real estate equity managers	43
Top hybrid debt managers	47
Top mortgage managers	48
Managers with non-U.S. property	50
Managers with non-U.S. clients	54

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Regional allocation of tax-exempt assets*



*Based on the FRC Property Index's geographic locations

Real estate investment advisers ranked by tax-exempt assets

	Tax-exempt assets (\$ mils.)					Taxable/tax-exempt assets (\$ mils.)				
	Total	Equity	Hybrid debt	Mortgages	Fully discretionary	Total	Equity	Hybrid debt	Mortgages	
1 Equitable Real Estate	10,225	9,786	146	293	10,225	34,726	23,359	1,645	9,722	
2 JMB Institutional Realty*	8,801	8,638	163	-	8,529	9,031	8,868	163	-	
3 Copley Real Estate Advisors	7,818	7,818	-	-	-	14,136	14,136	-	-	
4 Heitman Advisory	5,596	5,596	-	-	3,960	5,596	5,596	-	-	
5 Prudential Real Estate	5,491	5,086	166	239	5,409	52,800	22,000	200	30,600	
6 Aetna Life & Casualty	5,261	4,070	1,152	39	4,220	28,205	5,554	1,152	21,499	
7 RREEF Funds	3,701	3,701	-	-	2,925	3,701	3,701	-	-	
8 LaSalle Advisors	3,616	3,616	-	-	1,984	3,616	3,616	-	-	
9 Aldrich, Eastman & Walth	3,490	655	2,295	540	1,700	3,660	770	2,350	540	
10 GE Investments	3,480	3,030	330	120	3,480	3,480	3,030	330	120	
11 Yarmouth Group	3,165	2,820	345	-	690	6,225	5,880	345	-	
12 TCW Realty Advisors	2,816	2,210	606	-	2,365	2,816	2,210	606	-	
13 Corporate Property Investors	2,669	2,669	-	-	2,669	4,319	4,319	-	-	
14 F I A Associates	2,643	1,418	1,062	163	290	2,643	1,418	1,062	163	
15 Boston Co. Real Estate Counsel	2,494	843	1,651	-	2,123	2,494	843	1,651	-	
16 CIGNA Investments	2,089	1,632	416	41	1,074	13,653	2,705	1,758	9,190	
17 Lehndorf & Babson	2,006	2,006	-	-	736	3,428	3,428	-	-	
18 Jones Lang Wootton	2,000	1,500	500	-	1,000	2,000	1,500	500	-	
19 J.P. Morgan Investment Mgmt	1,982	1,982	1,307	-	1,868	2,120	732	1,388	-	
20 Balcor Co.	1,892	332	1,515	45	-	4,900	3,140	1,515	245	
21 McMorgan & Co.	1,500	200	200	1,100	1,500	1,500	200	200	1,100	
22 Sentinel Real Estate	1,358	1,358	-	-	1,358	1,626	1,626	-	-	
23 O'Connor Group	1,350	1,350	-	-	321	1,609	1,609	-	-	
24 Latimer & Buck	1,300	-	663	637	572	1,300	-	663	637	
25 MIG	1,233	618	489	126	474	1,236	618	489	129	
26 Alex. Brown Realty Advisors	1,162	437	695	30	85	1,184	459	695	30	
27 PSI Institutional Realty	1,040	1,040	-	-	-	2,943	2,681	-	262	
28 Coldwell Banker Commercial Realty	1,005	965	40	-	583	1,087	1,047	40	-	
29 Metropolitan Life	948	948	-	-	948	24,000	9,900	-	14,100	
30 Kennedy Associates	939	620	295	24	214	939	620	295	24	
31 First Chicago Investment Advisors	907	880	27	-	841	940	913	27	-	
32 Lomas Advisors	905	-	741	164	44	1,058	-	894	164	
33 L.J. Melody	900	-	479	421	-	2,063	-	712	1,351	
34 John Hancock	859	843	-	16	-	13,992	2,440	-	11,552	
35 Cabot, Cabot & Forbes	850	850	-	-	-	850	850	-	-	
36 Property Capital Associates	780	780	-	-	780	780	780	-	-	
37 NCNB National Bank	762	685	77	-	762	762	685	77	-	
38 Karsten Realty Advisors	718	591	23	104	488	718	591	23	104	
39 First Wachovia	687	687	-	-	687	708	708	-	-	
40 Citicorp Real Estate	634	488	-	146	441	890	743	-	147	
41 Eastdil Realty	579	522	28	29	495	2,541	1,547	957	37	
42 McMahan Real Estate	568	483	85	-	400	630	536	94	-	
43 Mellon Real Estate	554	307	123	124	515	586	339	123	124	
44 State Street**	549	273	175	-	549	549	273	175	-	
45 Bircher Realty Advisors	541	541	-	-	541	541	541	-	-	
46 ASB Capital Mgmt	521	329	192	-	48	521	329	192	-	
47 Wells Fargo Realty Advisors	472	84	387	1	201	523	231	291	1	
48 Schroder Real Estate	450	450	-	-	275	1,200	1,200	-	-	
49 Phoenix Mutual Life	432	125	307	-	432	2,756	422	956	1,378	
50 Union Labor Life	414	-	-	414	613	-	-	-	613	
51 Chesterton International	400	311	85	4	345	415	326	85	4	
52 Frank Russell Trust (m)	398	398	-	-	398	398	398	-	-	
53 PM Realty Advisors	367	367	-	-	367	641	641	-	-	
54 Shurgard Realty Advisors	359	359	-	-	359	520	520	-	-	
55 Benneil & Kahnweiler	353	290	63	-	251	353	290	63	-	
56 Piedmont Realty	345	114	231	-	-	1,001	292	709	-	
57 Travelers	341	316	-	25	282	19,250	1,780	-	17,470	
58 Sierra Capital	312	312	-	-	312	524	524	-	-	
59 Trident Meyer	294	222	61	11	-	399	222	61	116	
60 FS Realty Partners	281	230	51	-	159	281	230	51	-	
61 Capital Consultants	257	75	74	108	257	257	75	74	108	
62 Mid Atlantic Realty Advisors	227	95	132	-	20	227	95	132	-	
63 NCNB Texas	215	213	-	2	146	460	450	-	10	
64 Bank of Boston	213	160	53	-	213	256	160	96	-	
65 RCB Trust	212	101	111	-	212	212	101	111	-	
66 Hart Advisors	200	135	25	40	-	200	135	25	40	
67 EAI Resource Investments	168	168	-	-	168	168	168	-	-	
68 Grubb & Ellis	165	155	9	1	130	178	155	20	3	
69 Equitec Institutional Realty	151	151	-	-	151	151	151	-	-	
70 Loeb Partners Realty	150	150	-	-	-	750	750	-	-	
71 Woodmont Realty Advisors	150	150	-	-	-	600	600	-	-	
72 Principal	143	143	-	-	143	300	300	-	-	
73 Acquest Capital Mgmt	130	29	94	7	-	162	33	107	22	
74 Massachusetts Mutual Life	129	129	-	-	129	6,958	686	-	6,272	
75 Rocky Mountain Investors	121	15	4	102	121	121	15	4	102	
76 T. Rowe Price Realty	120	100	20	-	120	300	275	25	-	
77 AMB Institutional Realty	112	82	30	-	112	583	553	30	-	
78 MONY Real Estate	111	49	-	62	49	6,400	1,400	-	5,000	
79 Lieberman Cos.	100	80	-	20	100	100	80	-	20	
80 Wellington Real Estate	100	-	100	-	-	100	-	100	-	
81 National Property Advisors	95	95	-	-	54	274	274	-	-	
82 NBS Realty Advisors	90	90	-	-	-	90	90	-	-	
83 First Asset Realty Advisors	87	87	-	-	87	87	87	-	-	
84 D.A. Mgmt.	86	57	22	7	64	91	62	22	7	
85 Metric Institutional Realty	76	30	30	16	179	1,966	1,920	30	16	
86 Amli Institutional Advisors	75	75	-	-	-	385	236	-	149	
87 Am Cal Advisors	73	33	-	40	6	146	33	40	73	
88 Baring Institutional Realty	72	72	-	-	-	735	476	259	-	
89 Angeles Institutional Advisors	70	70	-	-	70	1,162	452	-	710	
90 Garrett Realty Advisors	69	69	-	-	23	69	69	-	-	
91 Hayden, Tolzmann	67	67	-	-	-	67	67	-	-	
92 Forest Investment Associates	53	53	-	-	33	53	53	-	-	
93 Harris Trust	39	39	-	-	39	39	39	-	-	
94 Griffin Capital	30	-	-	30	30	76	46	-	30	
95 Trinity Advisors	25	25	-	-	25	25	25	-	-	
96 American Agricultural Investment Mgmt.	12	12	-	-	-	21	21	-	-	
97 First Wisconsin Trust	11	10	-	1	11	31	25	-	6	
98 Mercantile Bank	5	5	-	-	5	5	5	-	-	
99 Associated Real Estate Advisors	-	-	-	-	-	-	-	-	-	
100 Edgecombe Group	-	-	-	-	-	850	837	-	13	
101 Equitable Agri-Business	-	-	-	-	-	2,112	125	-	1,987	
102 Farmvest	-	-	-	-	-	5	5	-	-	
103 Fiduciary Trust International	-	-	-	-	-	55	55	-	-	
104 King Mgmt.	-	-	-	-	-	100	80	-	20	
105 Morguard Investments	-	-	-	-	-	1,079	1,079	-	-	
106 Penreal Advisors	-	-	-	-	-	136	136	-	-	
107 Richard Ellis	-	-	-	-	-	18	18	-	-	
108 USF&G Realty Advisors	-	-	-	-	-	846	137	709	-	
Total	113,413	90,145	17,875	5,292	73,907	326,504	165,152	34,321	136,010	

*An additional \$12 billion in total assets is managed by an affiliate, JMB Realty

**Other assets included in total (m)-manager of managers; assets not included in totals

Aetna Life and Casualty Co.
 151 Farmington Ave., Hartford, Conn.
 06156; (203) 636-6226

Tax-exempt real estate assets	\$5,261,000,000
Equity	\$4,070,000,000
Hybrid debt	\$1,152,000,000
Mortgages	\$39,000,000
Commingled or pooled funds	
Equity	\$3,068,000,000
Hybrid debt	\$1,152,000,000
Direct, separate accounts	
Equity	\$1,002,000,000
Mortgages	\$39,000,000
Total real estate assets	\$28,205,000,000
Equity	\$5,554,000,000
Hybrid debt	\$1,152,000,000
Mortgages	\$21,499,000,000

As of June 30, Aetna Life and Casualty Co. had \$5.261 billion in U.S. institutional tax-exempt real estate assets, of which \$4.22 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$2.864 billion as of June 30. Contributions received but not invested were \$149 million; contributions committed but not received

were \$1.057 billion.

The hybrid debt holdings had a market value of \$1.112 billion. Contributions received but not invested were \$40 million. The market value of the mortgages was \$39 million.

Of tax-exempt general account assets, \$16.018 billion was invested in mortgages; of total assets under management, \$211 million was for non-U.S. pension funds.

Of the tax-exempt assets, 92% was invested in existing properties and 8% in developmental properties.

The property mix for tax-exempt assets was 4% hotel/resort; 21% industrial; 23% multifamily housing; 32% office/commercial; 18% retail; and 2% in land and single-family dwellings.

The tax-exempt property portfolio is located 42% in the West; 12%, Midwest; 27%, East; and 19%, South.

Aetna expects to spend \$150 million to \$200 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing prop-

erties in 1989.

The firm offers open-end and closed-end commingled funds, including closed-end specialty accounts, open-end participating mortgage accounts, single property and individual separate accounts.

As of June 30, the Union Separate Account, an open-end fund, had received and invested \$76 million and had received, but not invested \$23 million for 25 participants. The fund has a participating mortgage investment structure; investments are exclusively in union-built, newer, high-yielding, institutional-quality properties.

The Real Estate Separate Account is an open-end fund. As of June 30, the fund had received and invested \$1.573 billion and received, but not invested \$98 million for 276 participants. The fund makes equity forward commitments on to-be-built properties, rehabilitation opportunities or new, substantially leased high-yielding investments. Investments are either a

joint venture basis or wholly owned and are diversified by both property type and geographic region.

The Participating Mortgage Separate Account, an open-end fund, had invested \$1.019 billion and received, but not invested \$17 million for 267 participants. The fund uses a participating mortgage structure to provide a combination of fixed return and participation in cash flow and gains from property sales. Investments are in either existing, well-leased properties or to-be-built buildings through forward commitments, and are well diversified.

The Union Single Family Separate Account is a new open-end commingled fund, which has not yet received assets or commitments, for investments in residential mortgages on newly-constructed one- to four-family, union-built residential properties. The account will target investments in specific regions, based on the client's preference or locale and in communities with strong, diverse economies.

The Industrial Development Fund is a new closed-end commingled fund focusing on industrial properties. Property holdings will be structured on a joint venture basis or wholly owned.

Aetna Life and Casualty Co.'s real estate subsidiary is Aetna Realty Investors Inc.

Alan M. Connor, senior vice president, Aetna Realty Investors, is in charge of making equity real estate investments. Raymond E. Smith, senior vice president, Aetna Realty Investors, is responsible for mortgage financing. John E. Arant III, vice president-pension and financial services, is client contact.

Aldrich, Eastman & Waltch
 265 Franklin St., Boston, Mass. 02110;
 (617) 439-9000

Tax-exempt real estate assets	\$3,490,000,000
Equity	\$655,000,000
Hybrid debt	\$2,295,000,000
Mortgages	\$540,000,000
Direct, separate accounts	
Equity	\$655,000,000
Hybrid debt	\$2,295,000,000
Mortgages	\$540,000,000
Total real estate assets	\$3,660,000,000
Equity	\$770,000,000
Hybrid debt	\$2,350,000,000
Mortgages	\$540,000,000

As of June 30, Aldrich, Eastman & Waltch had \$3.49 billion in U.S. institutional tax-exempt real estate assets, of which \$1.7 billion is fully discretionary.

The tax-exempt equity assets had a market value of \$655 million as of June 30; the hybrid debt holdings, \$2.295 billion; the mortgages, \$540 million.

Of the tax-exempt assets, 83% was invested in existing properties and 17% in developmental properties.

The property mix for tax-exempt assets was 1% hotel/resort; 14% industrial; 7% multifamily housing; 32% office/commercial; 33% retail. The balance of the assets was invested in development companies through debt instruments.

The tax-exempt property portfolio is located 30%, West; 16%, Midwest; 40%, East; and 14%, South.

The firm offers closed-end commingled funds, separate accounts and specialized investment funds, including seven closed-end funds in conjunction with State Street Bank & Trust, with a current net asset value of \$560 million.

AEW-State Street Real Estate Funds I-VI are now closed. The AEW-State Street Real Estate Fund VII, a group trust, is open and will invest in office, retail, industrial and multifamily residential properties. Investments will be made through senior, junior or wraparound mortgages; convertible mortgages; joint ventures; and equity ownership. No capital will be received or invested until the fund is closed.

Tax-exempt clients include Digital Equipment Corp., GM, Connecticut and Iowa.

Robert J. Hannan, vice president, is client contact.

ASB Capital Management
 655 15th St., N.W., Washington, D.C.
 20005; (202) 383-6300

Tax-exempt real estate assets	\$521,000,000
Equity	\$329,000,000
Hybrid debt	\$192,000,000
Commingled or pooled funds	
Equity	\$43,000,000
Hybrid debt	\$5,000,000
Direct, separate accounts	
Equity	\$286,000,000
Hybrid debt	\$187,000,000
Total real estate assets	\$521,000,000

As of June 30, ASB Capital Management Inc. had \$521 million in U.S. institutional tax-exempt real estate assets, of which \$48 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$185 million as of June 30. Contributions received but not invested were \$126 million; contributions committed but not received were \$18 million.

The hybrid debt holdings had a market value of \$85 million. Contributions received but not invested were \$106 million.

Of the assets, 63.3% was invested in existing properties and 36.7% in developmental properties.

The property mix was: 3.3% hotel/re-

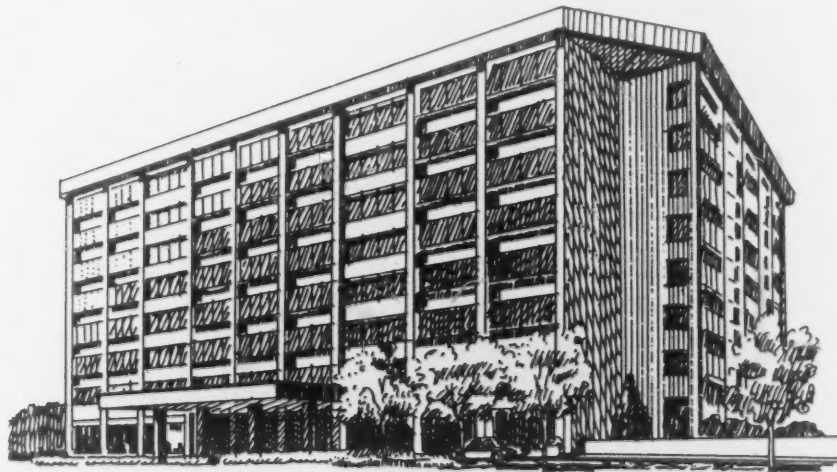
This announcement appears as a matter of record only

\$38,310,000

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Courthouse Centre

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Sentinel Fund III, a trust for a state retirement system, has acquired:

Sentinel 

CULPEPER FARMS APARTMENTS

Richmond, Virginia

\$10,750,000

Sentinel Real Estate Corporation
1290 Avenue of the Americas
New York, NY 10104
(212) 408-2900

sort; 9.9% industrial; 3.3% multifamily housing; 73.5% office/commercial; 3.3% retail; and 6.7% other.

The property portfolio is located 30% in the West; 20%, Midwest; 43.4%, East; and 6.6%, South.

Of the four regions, the primary emphasis will be on buying in the Midwest and East. The firm also expects to emphasize buying warehouse distribution properties.

Its main area of concentration during the year will be acquisitions.

The firm offers separate account management and open-end funds.

The Employee Benefit Real Estate Fund is an open-end fund that has received and invested \$10 million; has received but not invested \$20 million; and has contributions committed but not received of \$18 million. There are 15 participants in the fund, which is a group trust investing solely in developmental joint ventures.

Tax-exempt clients include the IBEW, Electrical Workers Local 26 and

Ironworkers Local 5.

The parent is MNC Financial Inc. Paul R. Lowman, vice president-director of real estate, is in charge of making property investments. Philip St. G. Cocke, vice president-director of marketing, is client contact.

The Balcor Co.

4849 Golf Road, Skokie, Ill. 60077;
(312) 677-2900

Tax-exempt real estate assets	\$1,892,000,000
Equity	\$332,000,000
Hybrid debt	\$1,515,000,000
Mortgages	\$45,000,000
Commingled or pooled funds	
Equity	\$332,000,000
Hybrid debt	\$1,515,000,000
Direct, separate accounts	
Mortgages	\$45,000,000
Total real estate assets	\$4,900,000,000
Equity	\$3,140,000,000
Hybrid debt	\$1,515,000,000
Mortgages	\$245,000,000

As of June 30, The Balcor Co. had \$1.892 billion in U.S. institutional tax-exempt real estate assets. None was fully discretionary.

The tax-exempt equity assets had a market value of \$332 million; the mortgages, \$45 million.

The hybrid debt holdings had a market value of \$1.435 billion. Contributions received but not invested were \$79 million.

Of the total assets under management, \$44 million was for non-U.S. clients.

Of the tax-exempt assets, 100% was invested in existing properties.

The property mix for tax-exempt assets was 1.4% hotel/resort; 5% industrial; 36.2% multifamily; 38% office/commercial; 12.6% retail; and 6.8% mobile home parks.

The tax-exempt property portfolio is located 16.2% in the West; 28.7%, Midwest; 21.3%, East; and 33.8%, South.

Its main area of concentration during the year will be rehabilitation/asset management of existing properties.

The firm offers separate account management. Its 14 commingled funds all are closed.

Tax-exempt investment clients include Connecticut and Michigan Municipal Employees.

Balcor's subsidiaries are Balcor Institutional Realty Advisors, Balcor Development Co., Balcor Corporate Development Services and Balcor Investment Group.

Thomas E. Meador, executive vice president, is in charge of making property investments. John K. Powell Jr., first vice president, is client contact.

Birtcher Realty Advisors

27611 La Paz Road, Laguna Niguel, Calif. 92656; (714) 643-7525

Tax-exempt real estate assets	\$541,000,000
Equity	\$541,000,000
Commingled or pooled funds	
Equity	\$41,000,000
Direct, separate accounts	
Equity	\$500,000,000
Total real estate assets	\$541,000,000

As of June 30, Birtcher Realty Advisors had \$541 million in fully discretionary U.S. institutional tax-exempt real estate assets, all in equity real estate.

The assets had a market value of \$508 million; contributions received but not invested were \$12 million; contributions committed but not received were \$21 million.

Of the total assets under management, \$65 million was for Japanese clients.

Of the tax-exempt assets, 55% was invested in existing properties and 45% in developmental properties.

The property mix for tax-exempt assets was 5% hotel/resort; 45% industrial; 20% office/commercial; 21% retail; and 9% residential.

The tax-exempt property portfolio is located 64% in the West; 10%, Midwest; 7%, East; and 19%, South.

Birtcher Realty expects to spend \$10 million to \$15 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers a closed-end invest-

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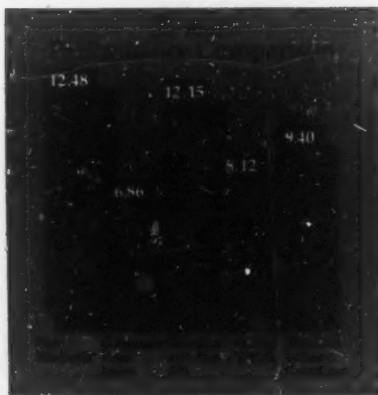
Our counter-cyclical policy is simple but effective. In certain economic climates we buy quality land slated for development and assume the role - and the profits - of the developer. At other times we are better

served by acquiring attractive, mature properties.

This approach allows our customers to take advantage of any phase of the real estate cycle, with the staying power for long-term performance. And it brings them a return that outpaces the leading investment indices.

Our 15-year record speaks for itself. If you'd like to know more, call Patricia Haralson at (919) 770-5862 or Bill Christie at (919) 770-5906.

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*Gross of management fees

PROPERTY

ment fund series, separate account management, multisponsor co-investment programs and investment management services for underperforming assets.

Smith Barney Birtcher Realty Advisors is the general partner of the commingled fund series, relying on Birtcher Realty for real estate fund management. The Smith Barney Birtcher Institutional Fund II is open for subscriptions. No contributions were received as of June 30. The fund will acquire existing income-producing industrial, retail and office properties, with a cost of between \$5 million and \$30 million. The properties will be located in prime suburban locations across the United States.

Albert S. Nagy, chief investment officer, is in charge of making property investments. Stanley L. Iezman, chief operating officer, and Ralph E. Heckert, executive vice president, are client contacts.

The Boston Co. Real Estate Counsel Inc.

1 Boston Place, Boston, Mass. 02108;
(617) 722-7190

Tax-exempt real estate assets	\$2,494,000,000
Equity	\$843,000,000
Hybrid debt	\$1,651,000,000
Commingled or pooled funds	
Equity	\$79,000,000
Hybrid debt	\$59,000,000
Direct, separate accounts	
Equity	\$764,000,000
Hybrid debt	\$1,592,000,000
Total real estate assets	\$2,494,000,000

As of June 30, The Boston Co. Real Estate Investment Counsel, Inc. had \$2.494 billion in U.S. institutional tax-exempt real estate assets, of which \$2.123 billion was fully discretionary.

The tax-exempt equity assets had a market value of \$826 million. Contributions committed but not received were \$17 million. The hybrid debt holdings had a market value of \$1.651 billion.

Of the tax-exempt assets, 89% was invested in existing properties and 11% in developmental properties.

The property mix was 9.9% industrial; 6.6% multifamily housing; 57.7% office/commercial; 21.7% retail; 4.1% R&D/warehouse.

The property portfolio is located 25.8% in the West; 18.1%, Midwest; 37.2%, East; 18.9%, South.

The Boston Co. expects to spend \$10 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers separate accounts and closed-end funds.

The Boston Co. Real Estate Counsel Group Trust Residential Fund II will close Oct. 31. Fund II has received \$100 million in contributions from five participants and one co-investor. The fund, a group trust, invests in newly constructed apartment complexes in growth areas.

Clients include AT&T, GM, United Technologies and Texas Teachers.

The parent is The Boston Co. Inc.

Mark A. Albertson, senior vice president, director-acquisitions, is in charge of making property investments. Thomas N. Trkla, vice president, is client contact.

Alex. Brown Realty Advisors

2 N. Charles St., Suite 850, Baltimore, Md. 21201; (301) 783-3200

Tax-exempt real estate assets	\$1,162,000,000
Equity	\$437,000,000
Hybrid debt	\$695,000,000
Mortgages	\$30,000,000
Commingled or pooled funds	
Equity	\$10,000,000
Direct, separate accounts	
Equity	\$427,000,000
Hybrid debt	\$895,000,000
Mortgages	\$30,000,000
Total real estate assets	\$1,162,000,000
Equity	\$457,000,000
Hybrid debt	\$695,000,000
Mortgages	\$30,000,000

As of June 30, Alex. Brown Realty Advisors Inc. had \$1.162 billion in U.S. tax-exempt real estate assets, of which

The tax-exempt equity assets had a market value of \$375 million as of June 30. Contributions received but not invested were \$52 million; contributions committed but not received were \$10 million.

The hybrid debt holdings had a market value of \$695 million; mortgages, \$30 million.

Of the tax-exempt assets, 72% was invested in existing properties and 28% in developmental properties.

The property mix for tax-exempt assets was 12% hotel/resort; 6% industrial; 8% multifamily housing; 52% office/commercial; 21% retail; and 1% health care.

The tax-exempt property portfolio is located 28% in the West; 18%, Midwest; 44%, East; 9%, South; and 1%, Canada.

Alex. Brown Realty Advisors expects to spend \$5 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be on acquisitions.

The firm offers closed-end commingled funds; direct, separate accounts; and a private placement fund.

The Atlantic Coast Real Estate Funds I and II are limited partnerships currently open for subscriptions. As of June 30, Fund I had a commitment of \$10 million from one client while Fund II had no commitments. Both will invest in institutional-quality, income-producing, light industrial warehousing/distribution facilities, flex space, neighborhood retail centers and office properties in metropolitan markets in the New England and mid-Atlantic states.

Clients include the Oregon Employees, Texas Teachers, and Montgomery County.

The firm is a joint partnership with Alex. Brown & Sons.

Robert H. Gidel and Philip C. Iglehart, managing directors, are in charge of making property investments. Mahlon Appa IV, director, is client contact.

Cabot, Cabot & Forbes Realty Advisors Inc.

60 State St., Boston, Mass. 02109;
(617) 722-8200

Tax-exempt real estate assets	\$850,000,000
Equity	\$850,000,000
Direct, separate accounts	
Equity	\$850,000,000
Total real estate assets	\$850,000,000

As of June 30, Cabot, Cabot & Forbes Realty Advisors Inc. had \$850 million in U.S. institutional tax-exempt real estate assets, all in equity real estate.

The assets had a market value of \$150 million; contributions committed but not received were \$700 million.

All assets were invested in existing properties. The property is 70% industrial and 30% office/commercial, and is located 24% in the West; 20%, Midwest; and 56%, East.

The firm expects to spend \$12 million on rehabilitation, renovation, expansion or modernization of existing

properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers separate account management.

Clients include Shell, BellSouth, IBM and Ford.

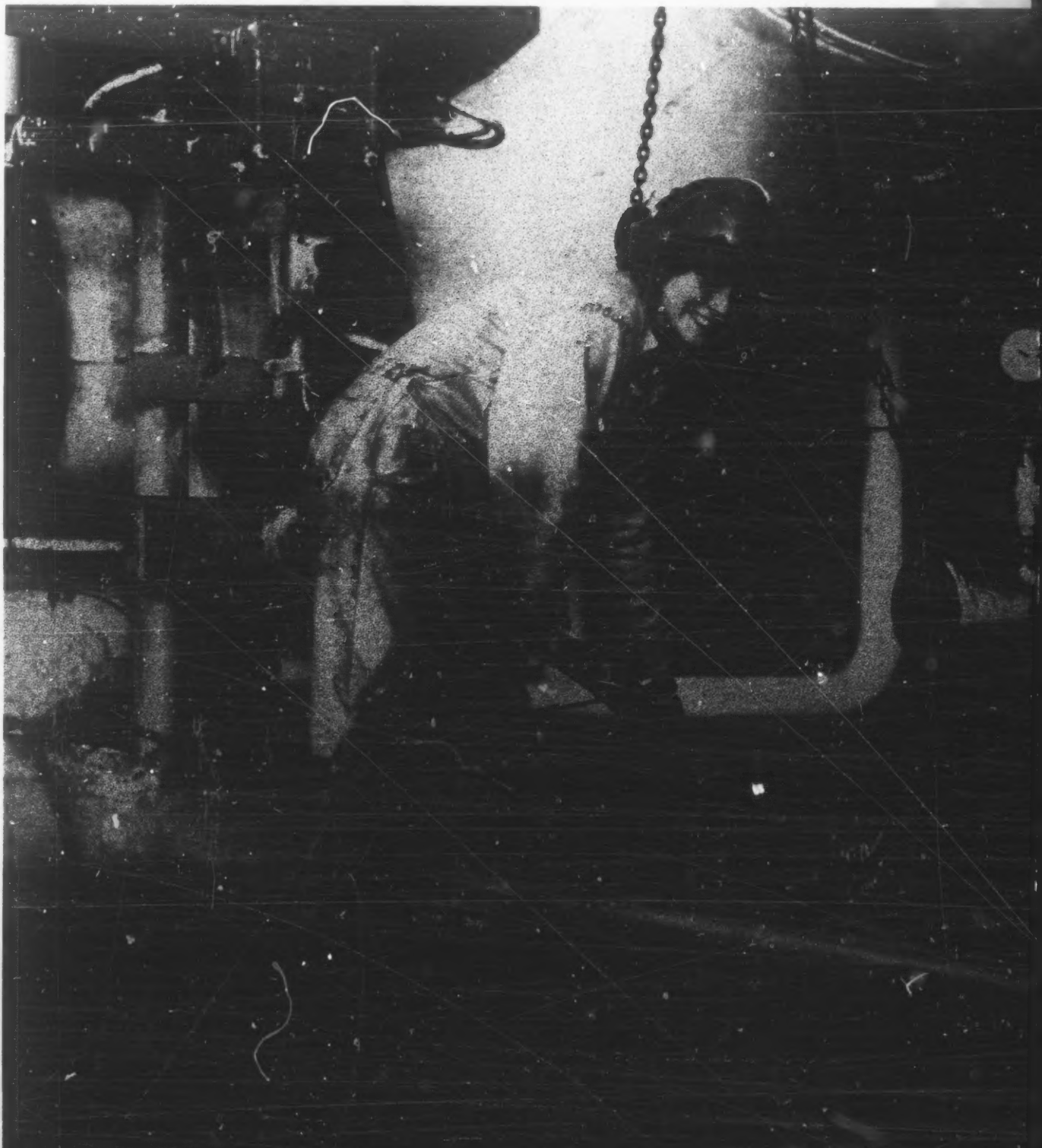
Its real estate affiliate is Aberthaw Construction Co.

Robert E. Patterson, executive vice president, is in charge of making property investments. Robert M. Angland, executive vice president, is client contact.

CIGNA Investments Inc.

Hartford, Conn. 06152; (203) 726-6241

Tax-exempt real estate assets	\$2,089,000,000
Equity	\$1,632,000,000
Hybrid debt	\$416,000,000
Mortgages	\$41,000,000
Commingled or pooled funds	
Equity	\$1,423,000,000
Hybrid debt	\$45,000,000
Mortgages	\$41,000,000
Direct, separate accounts	



PROPERTY

Equity	\$209,000,000
Hybrid debt	\$371,000,000
Total real estate assets	\$1,653,000,000
Equity	\$2,700,000,000
Hybrid debt	\$1,750,000,000
Mortgages	\$9,190,000,000

As of June 30, CIGNA Investments Inc. had \$2.089 billion in U.S. institutional tax-exempt real estate assets, of which \$1.074 billion was fully discretionary.

The tax-exempt equity assets had a market value of \$1.557 billion as of June 30. Contributions committed but not received were \$75 million.

The hybrid debt holdings had a market value of \$102 million. Contributions committed but not received were \$314 million. The market value of the mortgages was \$41 million.

Of tax-exempt general account assets, \$423 million was invested in equity real estate, \$1.315 billion in hybrid debt, and \$9.149 billion in mortgages.

Of the tax-exempt assets, 81% was invested in existing properties and

19% in developmental properties.

The property mix for tax-exempt assets was 6% hotel/resort, 21% industrial, 8% multifamily housing, 17% office commercial, 37% retail, 9% mixed-use properties, 2% land.

The tax-exempt property portfolio is located 19% in the West, 24% Midwest, 15% East, and 42% South.

Of the four regions, the primary emphasis will be on buying in the West and East. The firm also expects to buy retail and industrial properties.

Its main area of concentration during the year will be rehabilitation asset management of existing properties.

The firm offers open and closed-end funds, direct separate accounts and single asset investments.

Separate Account R is an open-end fund, with \$768 million in contributions received and invested from 418 participants. Investments are made in existing and to-be-built, moderate-size properties, typically in suburban locations, diversified geographically. Of-

fices, shopping centers, industrial properties, hotels and apartments are bought. Financial structures include pure equity, construction loans convertible to equity and joint ventures. Leverage may be used in taking over an existing mortgage, but no more than 30% of assets may be leveraged.

CERF III is a single asset real estate fund open for contributions, investing in Worcester Center, a mixed-use complex. The center will be expanded and upgraded, with retailing as the major component. Contributions received and invested were \$72 million; contributions committed but not received were \$2 million.

CERF IV is a single asset closed-end fund open for contributions, investing in Ridgedale Center, a regional mall. Contributions received and invested were \$117 million.

CERF V is a single-asset fund open for contributions, investing in Southland Center, a regional mall. The joint venture partnership will upgrade the

property and reconfigure the current tenant mix. Contributions received and invested were \$79 million.

Tax-exempt clients include the United Methodist Church, United Technologies, Unisys and Grumman.

The parent is CIGNA Corp. David R. Johnson, senior vice president, is in charge of making property investments. William E. Chapman II is client contact.

Citicorp Real Estate Investment Management

599 Lexington Ave., New York, N.Y. 10043; (212) 559-9332

Tax-exempt real estate assets	\$634,000,000
Equity	\$483,000,000
Mortgages	\$148,000,000
Commingled or pooled funds	
Equity	\$270,000,000
Mortgages	\$98,000,000
Direct, separate accounts	
Equity	\$218,000,000
Mortgages	\$48,000,000
Total real estate assets	\$890,000,000
Equity	\$743,000,000
Mortgages	\$147,000,000

Top 10 equity real estate managers*

Firm	\$ millions
Equitable Real Estate	9,786
JMB Institutional Realty	8,638
Copley Real Estate Advisors	7,818
Heitman Advisory	5,596
Prudential Real Estate	5,086
Aetna Life & Casualty	4,070
RREEF Funds	3,701
LaSalle Advisors	3,616
GE Investments	3,030
Yarmouth Group	2,820
Total	54,161

* Rankings based on tax-exempt assets

As of June 30, Citicorp Real Estate Investment Management had \$634 million in U.S. institutional tax-exempt real estate assets, of which \$441 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$454 million as of June 30. Contributions received but not invested were \$34 million. The market value of the mortgages was \$147 million.

Of the total assets under management, \$256 million was for non-U.S. clients; of which \$46 million was for Japanese clients and \$34 million was for non-U.S. pension funds.

All the tax-exempt assets were in existing properties.

The property mix for tax-exempt assets was 10.5% hotel/resort; 8.3% industrial; 61.7% office commercial; 18.8% retail; and 0.7% land.

The tax-exempt property portfolio is located 38.3% in the West; 8.8% Midwest; 34.3% East; and 18.6% South.

Of the four regions, the primary emphasis will be on buying in the East. The firm also expects to emphasize buying retail properties.

Its main area of concentration during the next year will be acquisitions.

The firm offers open-end funds and separate accounts.

The Citibank Real Estate Equity Fund has \$293.2 million invested for 13 clients. The fund's strategy is to make equity investments in properties that can be significantly increased in value by releasing and/or redevelopment. Properties are held for five to seven years. Joint ventures may be used.

The parent company is Citibank. Michael Vitale, vice president, is in charge of making property investments. H. Piper Andrews Jr., vice president, is client contact.

Coldwell Banker Commercial Realty Advisors

533 Fremont Ave., Los Angeles, Calif. 90071-1798; (213) 613-3123

Tax-exempt real estate assets	\$1,005,000,000
Equity	\$965,000,000
Hybrid debt	\$40,000,000
Commingled or pooled funds	
Equity	\$545,000,000
Hybrid debt	\$40,000,000
Direct, separate accounts	
Equity	\$420,000,000
Total real estate assets	\$1,087,000,000
Equity	\$1,047,000,000
Hybrid debt	\$40,000,000

As of June 30, Coldwell Banker Commercial Realty Advisors had \$1.005 billion in U.S. institutional tax-exempt real estate assets, of which \$583 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$862 million as of June 30. Contributions committed but not received were \$103 million.

The hybrid debt holdings had a market value of \$40 million.

Of the tax-exempt assets, 65% was invested in existing properties and 35% in developmental properties.

The property mix for tax-exempt assets was 31% industrial; 5% multifamily; 37% office/commercial; 27% retail.

The tax-exempt property portfolio is located 37% in the West; 19% Midwest; 24% East; and 20% South.

Coldwell Banker expects to spend \$25 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during

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the year will be asset management.

The firm offers closed-end commingled funds, direct investments and separate accounts.

Tax-exempt clients include AT&T, Unisys, Kodak and Alcoa.

The parent company is Coldwell Banker Commercial Group.

W. Cab Grayson, director of acquisitions, is in charge of making property investments. Fred Gilberd is client contact.

Copley Real Estate Advisors

399 Boylston St., Boston, Mass.
02116; (617) 578-1225

Tax-exempt real estate assets	\$7,818,000,000
Equity	\$7,818,000,000
Commingled or pooled funds	
Equity	\$4,860,000,000
Direct, separate accounts	
Equity	\$2,958,000,000
Total real estate assets	\$14,135,000,000
Equity	\$14,135,000,000

As of June 30, Copley Real Estate Advisors had \$7.818 billion in U.S. in-

stitutional tax-exempt real estate assets, all in equity and none fully discretionary.

Those assets had a market value of \$7.24 billion; contributions received but not invested were \$81 million; contributions committed but not received were \$497 million.

Of tax-exempt general account assets, \$1.405 billion was invested in equity real estate.

Of the tax-exempt assets, 51% was invested in existing properties and 49% in developmental properties.

The property mix for tax-exempt assets was 1% hotel/resort; 41% industrial; 2% multifamily; 28% office/commercial; 6% retail; and 22% land.

The tax-exempt property portfolio is located 63% in the West; 3% Midwest; 28% East; and 6% South.

Its main area of concentration during the year will be acquisitions.

The firm offers open and closed-end commingled funds and separate accounts.

Copley Developmental Properties Account is an open-end fund with 210 participants and \$1.111 billion invested. A developmental approach is taken in selecting to-be-built properties, primarily industrial warehouse, research and development facilities, suburban office parks and multifamily properties. Investments are structured as partnerships with local real estate developers in selected markets. A contrarian philosophy is used in opportunistic developments, such as rehabilitation and corporate portfolio investments.

Copley Investors Limited Partnership, a closed-end fund, reopened for new subscriptions Sept. 30. The fund had originally received and invested \$482 million from nine participants. The investment strategy for the fund is the same as that used for the open-end fund above.

The parent company is The New England.

Kevin M. Mahony, managing director-investments, is in charge of making property investments. John C. Phillips Jr., managing director-investor relations and marketing, is client contact.

Corporate Property Investors

305 E. 47th St., New York, N.Y.
10017; (212) 421-8200

Tax-exempt real estate assets	\$2,669,000,000
Equity	\$2,669,000,000
Commingled or pooled funds	
Equity	\$2,669,000,000
Total real estate assets	\$4,319,000,000
Equity	\$4,319,000,000

As of June 30, Corporate Property Investors had \$2.669 billion in U.S. institutional tax-exempt real estate assets, all in discretionary accounts.

The tax-exempt equity assets had a market value of \$2.650 billion as of June 30.

Contributions received but not invested were \$19 million.

Of the total assets under management, \$1.65 billion was for non-U.S. clients and \$157 million was for non-U.S. pension funds.

Of the tax-exempt assets, 99% was invested in existing properties and 1% in developmental properties.

The property mix for tax-exempt assets was 3% industrial; 12% office/commercial; and 85% retail.

The tax-exempt property portfolio is located 17% in the West; 7% Midwest; 42% East; and 34% South.

Corporate Property Investors expects to spend more than \$32 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be on rehabilitation/asset management of existing properties.

The firm, a real estate investment trust, offers investment in its common shares.

Tax-exempt investment clients include Exxon, AT&T, the United Nations and Pennsylvania Employees'.

Hans C. Mautner, chairman, is in charge of making property investments.

William J. Lyons, assistant general counsel, is client contact.



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Eastdil Realty Inc.

40 W 57th St., New York, N.Y. 10019;
(212) 315-7200

Tax-exempt real estate assets	\$579,000,000
Equity	\$522,000,000
Hybrid debt	\$28,000,000
Mortgages	\$29,000,000
Direct, separate accounts	
Equity	\$522,000,000
Hybrid debt	\$28,000,000
Mortgages	\$29,000,000
Total real estate assets	\$2,541,000,000
Equity	\$1,547,000,000
Hybrid debt	\$957,000,000
Mortgages	\$37,000,000

As of June 30, Eastdil Realty Inc. had \$579 million in U.S. institutional tax-exempt real estate assets, of which \$495 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$522 million as of June 30; the hybrid debt, \$28 million; the mortgages, \$29 million.

Of the total assets under management, \$1.325 billion was for Japanese clients and \$580 million was for non-U.S. pension funds.

All of the tax-exempt assets were invested in existing properties.

The property mix for tax-exempt assets was 0.3% hotel/resort; 11.8% industrial; 2.6% multifamily housing; 67.2% office/commercial; 17.8% retail; and 0.3% land.

The tax-exempt property portfolio is located 38.6% in the West; 11.1%, Midwest; 1.7%, East; and 48.6%, South.

Its main area of concentration during the next year will be acquisitions.

The firm offers separate account management to clients.

Jon Weller, vice president, is in charge of making property investments and is client contact.

Equitable Real Estate Investment Management

787 Seventh Ave., Area 46K, New York, N.Y. 10019; (212) 554-4312

Tax-exempt real estate assets	\$10,225,000,000
Equity	\$9,786,000,000
Hybrid debt	\$146,000,000
Mortgages	\$293,000,000
Commingled or pooled funds	
Equity	\$6,039,000,000
Hybrid debt	\$125,000,000
Mortgages	\$245,000,000
Direct, separate accounts	
Equity	\$3,747,000,000
Hybrid debt	\$21,000,000
Mortgages	\$48,000,000
Total real estate assets	\$14,725,000,000
Equity	\$23,359,000,000
Hybrid debt	\$1,645,000,000
Mortgages	\$9,721,000,000

As of June 30, Equitable Real Estate Investment Management Inc. had \$10.225 billion in U.S. institutional tax-exempt real estate assets, all fully discretionary.

The tax-exempt equity assets had a market value of \$9.421 billion as of June 30. Contributions received but not invested were \$141 million; contributions committed but not received were \$224 million.

The hybrid debt holdings had a market value of \$146 million; mortgages, \$293 million.

Of tax-exempt general account assets, \$3.251 billion was invested in equity real estate; \$938 million in hybrid debt; and \$4.149 billion in mortgages.

Of the total assets under management, \$1.696 billion was for non-U.S. clients, including \$1.369 billion for Japanese clients and \$123 million in non-U.S. properties.

Of the tax-exempt assets, 97.8% was invested in existing properties and 2.2% in developmental properties.

The property mix for tax-exempt assets was 4.3% hotel/resort; 11.4% industrial; 47.2% office/commercial; 36.5% retail; and 0.6% land.

The tax-exempt property portfolio is located 29.7% in the West; 18.2%, Midwest; 32.3%, East; and 19.8%, South.

Equitable Real Estate expects to spend \$101 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

The firm offers open and closed-end funds, single client accounts and direct investment options.

The Prime Property Fund, an open-end fund with 263 participants, had \$3.6 billion in contributions received and invested; \$138 million in contributions received but not invested; and \$84 million in contributions committed. The fund invests in high-quality, income-producing property, with some subject to mortgage debt. Existing, fully leased properties are emphasized, although forward commitments are made through interim construction loans. The firm also participates in joint ventures that acquire and/or develop properties.

Tax-exempt clients include Sun Co., Colgate-Palmolive, James River Corp. and Virginia Supplemental. Japanese clients include Nippon Life, Dai-ichi Mutual Life, Asahi Life and Meiji Mutual Life.

The parent company is the Equitable Life Assurance Society of the United States.

Tommy Clinton, executive vice president, is in charge of making property

investments. Paul J. Dolinoy, senior executive vice president, is client contact.

F.I.A. Associates Inc.

1601 Response Road, Suite 300,
Sacramento, Calif. 95815; (916)
920-4051

Tax-exempt real estate assets	\$2,643,000,000
Equity	\$1,418,000,000
Hybrid debt	\$1,062,000,000
Mortgages	\$163,000,000
Commingled or pooled funds	
Equity	\$85,000,000
Hybrid debt	\$16,000,000
Direct, separate accounts	
Equity	\$1,333,000,000
Hybrid debt	\$1,046,000,000
Mortgages	\$163,000,000
Total real estate assets	\$2,643,000,000

As of June 30, F.I.A. Associates Inc. had \$2.643 billion in U.S. institutional tax-exempt real estate assets, of which \$290 million was fully discretionary.

The tax-exempt equity assets had a market value of \$1.284 billion as of June 30. Contributions committed but

not received were \$134 million.

The hybrid debt holdings had a market value of \$689 million. Contributions committed but not received were \$373 million. The market value of the mortgages was \$163 million.

Of the tax-exempt assets, 98.5% was invested in existing properties and 1.5% in developmental properties.

The property mix for tax-exempt assets was 8% hotel/resort; 23% industrial; 4% multifamily; 45% office/commercial; 19% retail; and 1% land.

The tax-exempt property portfolio is located 46% in the West; 16%, Midwest; 8%, East; and 30%, South.

F.I.A. expects to spend \$2 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be rehabilitation/asset management of existing properties.

The firm offers separate accounts and closed-end funds.

Tax-exempt clients include Califor-

nia Employees, Texas Teachers, Illinois Teachers and Utah.

The parent company is MeraBank.

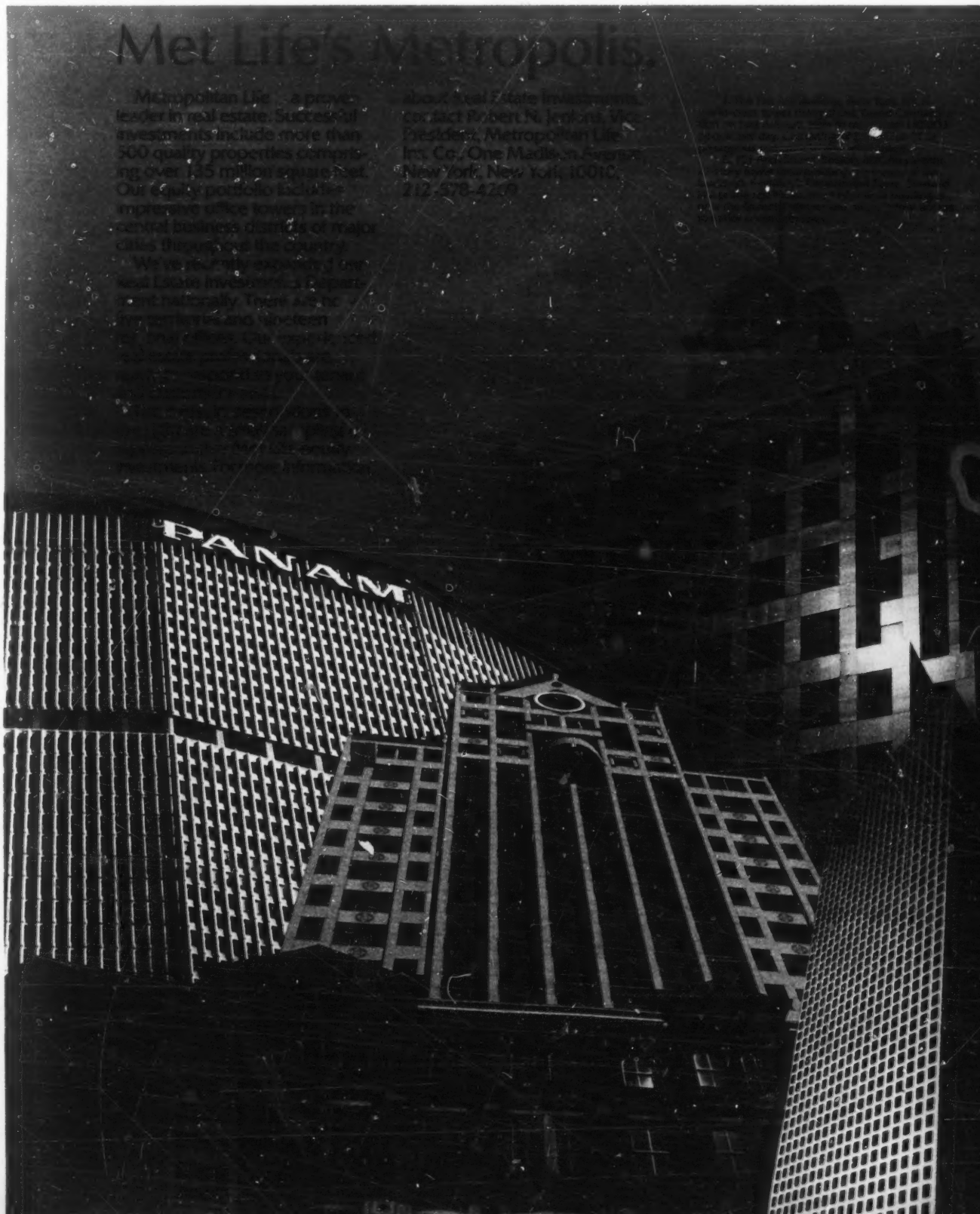
Stephen A. Rosenthal, executive vice president, is in charge of making property investments. Winston H. Hickox, executive vice president, is client contact.

First Chicago Investment Advisors

3 First National Plaza, Chicago, Ill.
60670; (312) 732-4100

Tax-exempt real estate assets	\$907,000,000
Equity	\$880,000,000
Hybrid debt	\$27,000,000
Commingled or pooled funds	
Equity	\$748,000,000
Hybrid debt	\$27,000,000
Direct, separate accounts	
Equity	\$133,000,000
Total real estate assets	\$940,000,000
Equity	\$913,000,000
Hybrid debt	\$27,000,000

As of June 30, First Chicago Investment Advisors had \$907 million in U.S. institutional tax-exempt real estate

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Metropolitan Life is a proven leader in real estate. Successful investments include more than 300 quality properties comprising over 1.5 million square feet. Our equity portfolio includes prime office towers in the central business districts of major cities throughout the country.

We've recently expanded our real estate investment department nationally. There are no geographical and no sector restrictions on our investments.

About Real Estate Investments, contact Robert N. Jenkins, Vice President, Metropolitan Life Ins. Co., One Madison Avenue, New York, New York 10017, 212-578-4200.

PROPERTY

assets, of which \$841 million was in fully discretionary accounts. First Chicago works in conjunction with JMB Realty Corp. and JMB Institutional Realty Corp. in managing the real estate assets.

As of Oct. 1, First Chicago Investment Advisors became Brinson Partners Inc.

The tax-exempt equity assets had a market value of \$853 million as of June 30. Contributions received but not invested were \$21 million; contributions committed but not received were \$6 million.

The hybrid debt holdings had a market value of \$27 million.

Of the total assets under management, \$33 million was for non-U.S. clients.

Of the tax-exempt assets, 97.4% was invested in existing properties and 2.6% in developmental properties.

The property mix was 17.1% industrial; 43.4% multifamily housing; 19.7% office/commercial; and 19.8% retail.

The tax-exempt property portfolio is located 28.6% in the West; 17.7%, Midwest; 31.9%, East; and 21.8%, South.

Of the four regions, the primary emphasis will be on buying in the East. The firm also expects to emphasize buying retail properties.

First Chicago expects to spend \$10 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be on rehabilitation/asset management of existing properties.

The firm offers direct separate account management and open- and closed-end funds.

First Chicago's Fund F, a group trust, is open for contributions. The fund has received and invested \$560 million and has received but not invested \$8 million from 111 participants. The fund invests primarily in fully built and leased properties. It may invest in

convertible mortgages. The property portfolio includes office, retail and multifamily properties, geographically diversified throughout the nation.

Edward C. Hamill, managing director, is client contact.

First Wachovia Corp.

301 N. Main St., Winston-Salem, N.C. 27150; (919) 770-5000

Tax-exempt real estate assets	\$687,000,000
Equity	\$687,000,000
Commingled or pooled funds	
Equity	\$449,000,000
Direct, separate accounts	
Equity	\$238,000,000
Total real estate assets	\$708,000,000
Equity	\$708,000,000

As of June 30, First Wachovia Corp. had \$687 million in U.S. fully discretionary institutional tax-exempt real estate assets.

Those assets had a market value of \$662 million; contributions received but not invested were \$25 million.

Of the assets, 78% was invested in

existing properties and 22% in developmental properties.

The property mix was 63% industrial; 15% office/commercial; and 22% land.

The tax-exempt property portfolio is located 47% in the West; 19%, Midwest; 18%, East; and 16%, South.

The firm expects to emphasize buying industrial properties.

Its main area of concentration will be on rehabilitation, renovation, expansion or modernization of existing properties, on which it will spend \$40 million.

The firm offers an open-ended fund and separate accounts. The First Wachovia Real Estate Fund, an open-end fund, has received and invested \$428 million and has received but not invested \$21 million. Investments are made in geographically diversified, multiuse business parks at various stages of completion. Space is typically warehouse, flex or R&D/office. Local agents are used to aid in devel-

Top 10 hybrid debt managers*

Firm	\$ millions
Aldrich, Eastman & Walth	2,295
Boston Co. Real Estate	1,651
Balcor	1,515
J.P. Morgan Investment	1,307
Aetna Life & Casualty	1,152
F.I.A. Associates	1,062
Lomas Advisors	741
Alex. Brown Realty Advisors	635
Latimer & Buck Real Estate	663
TCW Realty Advisors	606
Total	11,687

* Rankings based on tax-exempt assets

opment of the parks to match demand for space in the regional market.

Robert R. Smedley, senior vice president and manager-real estate investments, is in charge of making property investments. Thomas R. McAllister, senior vice president, is client contact.

GE Investments

3003 Summer St., Stamford, Conn. 06905; (203) 326-2300

Tax-exempt real estate assets	\$3,480,000,000
Equity	\$3,030,000,000
Hybrid debt	\$330,000,000
Mortgages	\$120,000,000
Commingled or pooled funds	
Equity	\$3,030,000,000
Hybrid debt	\$330,000,000
Mortgages	\$120,000,000
Total real estate assets	\$3,480,000,000

As of June 30, GE Investments had \$3.48 billion in fully discretionary U.S. institutional tax-exempt real estate assets, of which \$23 million was invested in non-U.S. properties.

The tax-exempt equity assets had a market value of \$2.697 billion; contributions received but not invested were \$22 million; contributions committed but not received were \$311 million.

The hybrid debt holdings had a market value of \$330 million; mortgages, \$120 million.

Of the assets, 92% were invested in existing properties and 8% in developmental properties.

The property mix was 13% hotel/resort; 4% industrial; 4% multifamily; 70% office/commercial; 4% retail; and 5% land.

The property portfolio is located 29% in the West; 13%, Midwest; 46%, East; 10%, South; and 2% foreign.

GE expects to spend \$30 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers closed-end limited partnerships.

Tax-exempt investment clients include Unisys, Ford, Eli Lilly and BATUS.

The parent company is General Electric Co.

Joel R. Wilson, senior vice president, is in charge of making property investments. Geoffrey R. Norman, executive vice president, is client contact.

John Hancock Financial Services

P.O. Box 111, Boston, Mass. 02117; (617) 572-4520

Tax-exempt real estate assets	\$859,000,000
Equity	\$843,000,000
Mortgages	\$16,000,000
Commingled or pooled funds	
Equity	\$369,000,000
Mortgages	\$16,000,000
Direct, separate accounts	
Equity	\$474,000,000
Total real estate assets	\$13,992,000,000
Equity	\$2,440,000,000
Mortgages	\$11,552,000,000

As of June 30, John Hancock Financial Services had \$859 million in U.S. institutional tax-exempt real estate assets, managed by two subsidiaries. The assets of the subsidiaries are included with those of the parent company, above.

John Hancock Timber Resource Group managed \$530 million in U.S. institutional discretionary tax-exempt real estate assets on behalf of the par-

equity assets was \$421 million; contributions received but not invested were \$17 million; contributions committed but not received were \$76 million. The market value of the mortgages was \$16 million.

The assets are invested 100% in timberland. The land is located 54% in the West and 46% in the South.

John Hancock Timber Resource offers open and closed-end accounts, both pooled and non-pooled. The ACRE fund is open, with \$39 million received and invested. ACRE invests in agriculture and timber equity properties and mortgages.

Clients include Hallmark, R.R. Donnelly, Detroit Police and Fire and Hoechst Celanese.

William Gordon, senior vice president, is in charge of property investments; Richard N. Smith, senior investment officer, is client contact.

John Hancock Properties Inc. managed \$329 million, all in fully discretionary real estate equity for U.S. institutional tax-exempt clients.

Total real estate assets under management were \$1.926 billion. Of total assets, \$18 million was managed for Japanese clients and \$32 million was invested in non-U.S. properties.

Tax-exempt general account assets were \$449 million in real estate equity.

Tax-exempt assets were 100% invested in existing properties. The property mix for tax-exempt assets was 2.9% hotel/resort; 10.2% industrial; 40.2% residential; 33.4% office/commercial; 8% retail; and 5.3% other.

The tax-exempt property portfolio is located 34% in the West; 21%, Mid-

west; 23%, East; and 22%, South.

The firm offers open and closed-end funds and direct and separate accounts. The John Hancock Property Fund Equity Separate Account, a diversified open-end fund, has received and invested \$26 million, and has \$27 million in contributions received but not invested. The John Hancock West Limited Partnership Equity Joint Venture, an industrial closed-end fund, has \$12 million committed but not received.

James H. Patterson II, executive vice president, is responsible for making property investments. Cathy M. Swain, vice president-portfolio management, is client contact.

Heitman Advisory Corp.

180 N. LaSalle, Chicago, Ill. 60601;
(312) 855-5700

Tax-exempt real estate assets	\$5,596,000,000
Equity	\$5,596,000,000
Commingled or pooled funds	
Equity	\$1,199,000,000
Direct, separate accounts	
Equity	\$4,487,000,000
Total real estate assets	\$5,596,000,000

As of June 30, Heitman Advisory Corp. had \$5.596 billion in U.S. institutional tax-exempt assets, all equity real estate, of which \$3.96 billion was fully discretionary.

The assets had a market value of \$4.435 billion as of June 30. Contributions received but not invested were \$286 million; contributions committed but not received were \$875 million.

Some \$700 million was invested for non-U.S. pension funds.

All assets are invested in existing

properties.

The property mix was 12.1% industrial; 50.7% office/commercial; 27.8% retail; and 9.4% limited use.

The properties are located 22.8% in the West; 40.2%, Midwest; 27%, East; and 10%, South.

Heitman offers closed-end funds and separate accounts on both an advisory and discretionary basis.

The Heitman Real Estate Fund V is a closed-end fund that just opened to subscriptions Oct. 1. The fund will acquire interests in a diversified portfolio of 10 to 15 regional shopping centers, industrial parks and office buildings. Property acquisition will primarily be on an equity, leveraged equity or joint venture basis. The maximum level of leverage for any individual property in the fund is 50%. The fund is expected to focus on properties valued between \$10 million and more than \$100 million.

Clients include AT&T, California Employees, Shell and Minnesota State Board of Investment.

The parent company is Heitman Financial Ltd. Its other real estate subsidiaries are Heitman Financial Services Ltd. and Heitman Properties Ltd.

David Glickman, president, is client contact.

JMB Institutional Realty

900 N. Michigan Ave., Suite 1800,
Chicago, Ill. 60611; (312) 915-1900

Tax-exempt real estate assets	\$8,801,000,000
Equity	\$8,638,000,000
Hybrid debt	\$163,000,000
Commingled or pooled funds	
Equity	\$8,105,000,000

Hybrid debt	\$163,000,000
Direct, separate accounts	
Equity	\$533,000,000
Total real estate assets	\$9,031,000,000
Equity	\$8,868,000,000
Hybrid debt	\$163,000,000

As of June 30, JMB Institutional Realty Corp. had \$8.801 billion in U.S. institutional tax-exempt real estate assets, of which \$8.529 billion was in fully discretionary accounts and \$4.289 billion was invested in non-U.S. properties.

The equity assets had a market value of \$8.259 billion as of June 30. Contributions received but not invested were \$62 million; contributions committed but not received were \$317 million.

The hybrid debt holdings had a market value of \$163 million.

Of the total assets under management, \$230 million was for non-U.S. pension funds and \$4.289 billion was invested in non-U.S. properties.

The firm's affiliate, JMB Realty Corp., holds an additional \$12 billion for taxable investors, not included in the assets above.

Of the U.S. tax-exempt assets, 97% was invested in existing properties and 3% in developmental properties.

The property mix was 2% industrial; 4% multifamily housing; 23% office/commercial; 54% retail; and 17% mixed use.

The portfolio is located 22% in the West; 20%, Midwest; 37%, East; and 21%, South.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize office properties.

JMB expects to spend \$62 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers closed-end commingled funds, separate accounts and direct accounts.

Four of JMB's commingled funds are still open for contributions. The JMB Group Trust V, which will close in December, has 31 participants and has received but not invested \$57 million and has commitments not received of \$176 million. The trust will make primarily equity investments in fully constructed and leased office, retail and industrial properties, typically in the range of \$25 million to \$75 million. Investment forms will be either 100% ownership or joint ventures where JMB retains adequate control over operations and sale.

The JMB Endowment and Foundation Realty Ltd. — JMB IV fund also will close in December. It has 25 participants and \$16 million in contributions received and invested; \$5 million in contributions received but not invested; and \$67 million in contributions committed but not received. The fund will make primarily equity investments in office, retail and industrial properties that are typically less than 20 years old. Most properties purchased will require a cash investment of \$10 million to \$25 million.

The JMB Institutional Apartment Partnership II will close in December and has commitments not received of \$75 million from three participants. The fund will make equity-oriented investments in at least eight apartment properties throughout the nation, emphasizing garden apartments in suburban locations and high-rise buildings in urban locations. The size of the properties will range from 250 to 1,000 units with cash investments between \$15 million and \$40 million.

JMB Acquisition Partners L.P. had commitments not received of \$500 million from 12 participants. The fund makes acquisitions of companies where real estate investments constitute a majority of assets.

JMB works in conjunction with First Chicago Investment Advisors, whose assets are not included above.

Tax-exempt clients include Pennsylvania State Employees, Ameritech, Kamehameha Schools/Bishop Estate and Connecticut.

Jerome J. Claes III, chairman, is in

Top 10 mortgage managers*

Firm	\$ millions
McMorgan	1,100
Latimer & Buck Real Estate	637
Aldrich, Eastman & Walth	540
L.J. Meiody	421
Union Labor Life	414
Equitable Real Estate	293
Prudential Real Estate	239
Lomas Advisors	164
F.I.A. Associates	163
Citicorp Real Estate	146
Total	4,117

* Rankings based on tax-exempt assets

ments. John S. Lillard, president, is client contact.

Jones Lang Wootton Realty Advisors

101 E. 52nd St., New York, N.Y.
10022; (212) 688-8181

Tax-exempt real estate assets	\$2,000,000,000
Equity	\$1,500,000,000
Hybrid debt	\$500,000,000
Direct, separate accounts	
Equity	\$1,500,000,000
Hybrid debt	\$500,000,000
Total real estate assets	\$2,000,000,000

As of June 30, Jones Lang Wootton Realty Advisors had \$2 billion in U.S. institutional real estate assets, all tax-exempt, of which \$1 billion fully discretionary.

The equity real estate had a market value of \$1 billion; contributions committed but not received were \$500 million. The hybrid debt holdings had a market value of \$500 million.

Of the assets, 80% was invested in existing properties and 20% in developmental properties.

The property mix was 15% hotel/resort; 10% industrial; 10% multifamily; 35% office/commercial; 15% retail; and 15% mixed use.

The property portfolio is located 25% in the West; 10%, Midwest; 50%, East; and 15%, South.

Its main area of concentration during the year will be on rehabilitation/asset management of existing properties; it plans to spend \$250 million on rehabilitation, renovation expansion and modernization of existing properties in 1989.

The firm offers separate account management.

Clients include Pacific Telesis, U S WEST, Pennsylvania Schools and the Wisconsin Investment Board.

Stephen J. Furnary, Charles Grossman, Frank L. Sullivan Jr. and John A. Weisz, managing directors, are in charge of making property investments. Mr. Weisz is client contact.

Karsten Realty Advisors

12121 Wilshire Blvd., Suite 900, Los Angeles, Calif. 90025; (213) 826-0035

Tax-exempt real estate assets	\$718,000,000
Equity	\$591,000,000
Hybrid debt	\$23,000,000
Mortgages	\$104,000,000
Commingled or pooled funds	
Equity	\$53,000,000
Hybrid debt	\$7,000,000
Direct, separate accounts	
Equity	\$538,000,000
Hybrid debt	\$16,000,000
Mortgages	\$104,000,000
Total real estate assets	\$718,000,000

As of June 30, Karsten Realty Advisors had \$718 million in U.S. institutional tax-exempt real estate assets, of which \$488 million fully discretionary.

The equity assets had a market value of \$544 million; contributions committed but not received were \$47 million.

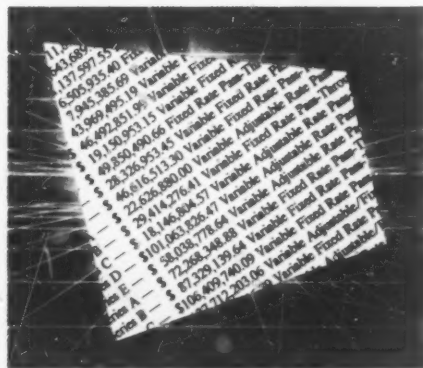
The hybrid debt holdings had a market value of \$23 million; the mortgages, \$104 million.

All of the assets were invested in existing properties.

The property mix was 11.9% hotel/resort; 9.3% industrial; 49.7% office/commercial; 11.3% retail; and 17.8% land.

The property portfolio is located 66.5% in the West; 3.7%, Midwest; 4.4%, East; and 25.4%, South.

FP&S: Filling the void in the asset-backed securities market.



FP&S and the mortgage market

FP&S, a leading financial intermediary, bridges originating institutions with public and private investors by issuing products and services in the areas of mortgages and asset-backed securities.

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- releasing non-mortgage trust assets, and . . .
- improving administrative and accounting reporting requirements.

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Financial Products & Services, Inc.

FP&S

PROPERTY

on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers separate account management and closed-end funds.

The Karsten Realty Fund II is a closed-end fund, expected to close Nov. 30. It has commitments from three participants for \$30 million. The fund plans to raise \$100 million to acquire existing light industrial and retail properties — generally in the range of \$5 million to \$20 million each — in seven primary U.S. markets in the West and Southwest. Deal structures primarily will be 100% equity investments. Convertible mortgages may, however, comprise 25% of the portfolio. The fund will not invest in joint ventures.

Clients include Nevada Employees, Ohio Teachers, AT&T and the Screen Actors Guild.

Robert A. Feren, principal, is in charge of making property investments. Carl A. Mayer Jr., principal, is client contact.

Kennedy Associates Real Estate Counsel Inc.

2400 Financial Center, Seattle, Wash. 98161; (206) 623-4739

Tax-exempt real estate assets	\$940,000,000
Equity	\$821,000,000
Hybrid debt	\$295,000,000
Mortgages	\$24,000,000
Commingled or pooled funds	
Equity	\$432,000,000
Hybrid debt	\$188,000,000
Direct, separate accounts	
Equity	\$189,000,000
Hybrid debt	\$127,000,000
Mortgages	\$24,000,000
Total real estate assets	\$940,000,000

As of June 30, Kennedy Associates Real Estate Counsel Inc. had \$940 million in U.S. institutional tax-exempt real estate assets, of which \$214 million was fully discretionary.

Of the assets, 94% was invested in existing properties and 6% in development properties.

The property mix was 1% hotel/resort; 13% industrial; 53% office/commercial; 3% retail and mixed use; and 30% business parks/flex space.

The property portfolio is located 38% in the West; 36%, Midwest; 21%, East; and 5%, South.

Its main area of concentration during the year will be acquisitions.

The firm offers separate account management, open-end funds and closed-end funds in the process of formation.

The Multi-Employer Property Trust is an open-end fund with total net assets of \$600 million and 102 participants. The fund is 95% funded and committed, and 5% unallocated. The fund emphasizes equity ownership of a nationally diversified portfolio of high-quality, newly constructed, union-built properties. A forward commitment strategy is used, with negotiated contractual provisions to eliminate development risk and to control leasing risk.

Clients include Alaska Permanent Fund, International Brotherhood of Painters & Allied Trades and Alaska Laborers.

The parent is York Trust Ltd.

Jim C. Snyder, president, and R.L. Wieneke, senior vice president, are in charge of making property investments. Ronald D. Roberts is client contact for separate account management; M.J. Raunig is client contact for commingled accounts.

LaSalle Advisors Ltd.

11 S. LaSalle St., Chicago, Ill. 60603; (312) 782-5800

Tax-exempt real estate assets	\$3,616,000,000
Equity	\$3,616,000,000
Commingled or pooled funds	
Equity	\$1,984,000,000
Direct, separate accounts	
Equity	\$1,632,000,000
Total real estate assets	\$3,616,000,000

As of June 30, LaSalle Advisors Ltd. had \$3,616 billion in U.S. institutional tax-exempt real estate assets, of which \$2,006 billion was fully discretionary.

value of \$2,313 billion; contributions committed but not received were \$1,303 billion.

Of the assets, 98% was invested in existing properties and 2% in development properties.

The property mix was 8% industrial; 74% office/commercial; and 18% retail.

The property portfolio is located 28% in the West; 29%, Midwest; 20%, East; and 23%, South.

Its main area of concentration during the year will be acquisitions.

The firm offers closed-end funds and separate account management.

LaSalle Fund IV is expected to close at year-end 1989, and has received commitments of \$406 million from 32 participants. The fund has acquired two properties using an investment strategy that emphasizes the purchase on an equity basis of high-quality office buildings, shopping centers and industrial parks. Properties have the opportunity to add value through aggressive property management.

Clients include Illinois Municipal, Pacific Telesis, Bell Atlantic and Public Service Electric and Gas.

The parent is LaSalle Partners Ltd. Steven A. Hulce and Daniel W. Cummings, managing directors, are in charge of making property investments. Kenneth M. Campia, president/managing director, is client contact.

Latimer & Buck Real Estate Advisors

121 S. Broad St., Philadelphia, Pa. 19107; (215) 985-3921

Tax-exempt real estate assets	\$1,309,000,000
Hybrid debt	\$663,000,000
Mortgages	\$637,000,000
Direct, separate accounts	
Hybrid debt	\$663,000,000
Mortgages	\$637,000,000
Total real estate assets	\$1,309,000,000

As of June 30, Latimer & Buck Real Estate Advisors had \$1.3 billion in U.S. institutional tax-exempt real estate assets, of which \$572 million was in fully discretionary accounts.

The hybrid debt holdings had a market value of \$647 million; contributions committed but not received were \$16 million. The market value of the mortgages was \$634 million; contributions committed but not yet received were \$3 million.

All of the assets were invested in existing properties.

The property mix was 3% hotel/resort; 8% industrial; 2% multifamily housing; 47% office/commercial; 5% retail; and 35% single-family residential.

The property portfolio is located 1% in the West; 10%, Midwest; 84%, East; and 5%, South.

Its main area of concentration during the year will be acquisitions.

The firm offers direct investment products.

Tax-exempt investment clients include Pennsylvania Schools and Pennsylvania Employees.

The parent is Fidelity Bank.

Richard Humphreys, vice president and director of acquisitions, is in charge of making property investments. Andrew Sheffler, vice president and director of marketing, is client contact.

Lehndorff & Babson Real Estate Counsel

2501 Cedar Springs, Suite 550, Dallas, Texas 75201; (214) 855-5800

Tax-exempt real estate assets	\$2,006,000,000
Equity	\$2,006,000,000
Commingled or pooled funds	
Equity	\$736,000,000
Direct, separate accounts	
Equity	\$1,270,000,000
Total real estate assets	\$3,428,000,000
Equity	\$3,428,000,000

As of June 30, Lehndorff & Babson Real Estate Counsel had \$2,006 billion in U.S. institutional tax-exempt real estate assets, of which \$736 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$1,413 billion as of

were \$570 million.

Of the total assets under management, \$1,382 billion was for non-U.S. clients, including \$444 million for Japanese clients and \$136 million for non-U.S. pension funds.

All of the U.S. tax-exempt assets were invested in existing properties.

The property mix for U.S. tax-exempt assets was 3.1% industrial; 56.3% office/commercial; and 40.6% retail.

The property portfolio is located 11.8% in the West; 16.6%, Midwest; 61.2%, East; and 10.4%, South.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize buying retail properties.

Lehndorff & Babson expects to spend \$40 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers closed-end funds and direct, separate accounts.

Lehndorff & Babson offers four closed-end commingled funds, one of which is still open for subscription. The Lehndorff & Babson Property Fund IV is expected to close in December. It has received capitalization of \$27 mil-

lion from four participants. Gross assets totaled \$18 million; uninvested cash was \$6.8 million; commitments not received totaled \$8.5 million. The fund offers co-investment in scarce or unique properties that are completed and leased, with an opportunity to add value through active asset and property management.

The Council of Real Estate Group Trust is an open-end group trust with capitalization of \$400 million from four participants. None of the commitment had been received as of June 30. The CORE fund follows the same strategy as Property Fund IV.

Tax-exempt clients include Ameritech, Stanford University, Southern California Food and Commercial Workers and Kansas Public Employees.

M. Thomas Lardner, chairman, is in charge of making property investment decisions. G. Andrews Smith, president, is client contact.

Lomas Advisors

2001 Bryan Tower, Suite 3300, Dallas, Texas 75201; (214) 746-8207

Tax-exempt real estate assets	\$905,000,000
Hybrid debt	\$741,000,000
Mortgages	\$164,000,000
Commingled or pooled funds	
Hybrid debt	\$44,000,000
Direct, separate accounts	
Hybrid debt	\$697,000,000

Mortgages	\$164,000,000
Total real estate assets	\$1,058,000,000
Hybrid debt	\$894,000,000
Mortgages	\$164,000,000

As of June 30, Lomas Advisors had \$905 million in U.S. institutional tax-exempt real estate assets, of which \$44 million was in fully discretionary accounts.

The hybrid debt holdings had a market value of \$580 million; contributions committed but not received were \$161 million. The market value of the mortgages was \$164 million.

All of the tax-exempt assets were invested in existing properties.

The property mix for tax-exempt assets was 19% industrial; 15% multifamily housing; 59% office/commercial; and 7% retail.

The tax-exempt property portfolio is located 16% in the West; 13%, Midwest; 16%, East; and 55%, South.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize buying apartment properties.

Lomas Advisors expects to spend \$4.5 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of properties in 1989.

Its main area of concentration during the year will be acquisitions.

SUPERIOR TEAM

KRA's team of acquisition and asset management professionals is superior. Our expertise extends to the development of investment strategies, property and portfolio acquisitions, asset and portfolio management, and dispositions. Additionally, through our firm's seasoned real estate experts in our Los Angeles headquarters and Houston and Miami asset management offices, KRA has a proven track record in working with Special Management Opportunities. Our expertise and KRA's commitment and dedication to client servicing equate to maximum values and superior returns.

SUPERIOR RESULTS



Karsten Realty Advisors

A Tradition of Investment Success

Corporate Office
12121 Wilshire Boulevard, Suite 900
Los Angeles, California 90025
213/826-0035
213/207-2690 (FAX)

A. Redmond Doms, Jr.
Robert A. Feren

John M. Lundsten
Carl A. Mayer, Jr.

PROPERTY

The firm offers core and specialty closed-end funds; direct, separate account management; and customized investment programs.

The Lomas Institutional Apartment Trust I, structured as a group trust, is open for subscriptions. The trust will make equity purchases of apartment properties in markets with a reasonable balance of supply and demand and a potential for increased rents and values. Properties will typically range from 150 to 350 units, with cash investments of between \$10 million and \$20 million. Properties generally will be less than 5 years old and substantially leased.

Tax-exempt investment clients include the Texas Teachers, Massachusetts, Stanford University and Warner Lambert.

The parent is Lomas Financial Corp. Its other real estate subsidiary is Lomas Mortgage USA.

David A. Ridley, president, is in charge of making property investments. Webb Sowden Jr., executive vice president, is client contact.

McMahan Real Estate Advisors Inc.

201 California St., Suite 400, San Francisco, Calif. 94111; (415) 433-7770

Tax-exempt real estate assets	\$568,000,000
Equity	\$483,000,000
Hybrid debt	\$85,000,000
Commingled or pooled funds	
Equity	\$24,000,000
Hybrid debt	\$5,000,000
Direct, separate accounts	
Equity	\$459,000,000
Hybrid debt	\$80,000,000

Total real estate assets	\$630,000,000
Equity	\$536,000,000
Hybrid debt	\$94,000,000

As of June 30, McMahan Real Estate Advisors Inc. had \$568 million in U.S. institutional tax-exempt real estate assets, of which \$400 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$300 million as of June 30; contributions committed but not received were \$183 million.

The hybrid debt holdings had a market value of \$56 million; contributions committed but not received were \$29 million.

Of the total assets under management, \$63 million was for non-U.S. clients.

All of the tax-exempt assets were invested in existing properties.

The property mix for tax-exempt assets was 9.6% industrial; 41.8% office/commercial; and 48.6% retail.

The tax-exempt property portfolio is located 91% in the West and 9% in the South.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize buying industrial properties.

McMahan expects to spend less than \$1 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers separate account management and closed-end funds.

Tax-exempt clients include NYNEX, Southwestern Bell, Contra Costa

County and Ventura County.

In September, the firm announced it was being acquired by Mellon Bank Corp.

Thomas C. Clark, executive vice president, James H. Ida and Fred Baugh, vice presidents, are in charge of making property investments. Barry Rilliet, vice president, is client contact.

McMorgan & Co.

201 Spear St., San Francisco, Calif. 94105; (415) 777-9300

Tax-exempt real estate assets	\$1,500,000,000
Equity	\$200,000,000
Hybrid debt	\$200,000,000
Mortgages	\$1,100,000,000
Direct, separate accounts	
Equity	\$200,000,000
Hybrid debt	\$200,000,000
Mortgages	\$1,100,000,000
Total real estate assets	\$1,500,000,000

As of June 30, McMorgan & Co. had \$1.5 billion in U.S. institutional tax-exempt real estate assets, all of which was in fully discretionary accounts.

The equity assets had a market value of \$200 million as of June 30. The hybrid debt holdings had a market value of \$200 million. The mortgages had a market value of \$1.1 billion.

Of the assets, 10% was invested in existing properties and 90% in developmental properties.

The property mix was 1% hotel/resort; 5% industrial; 5% multifamily housing; 10% office/commercial; 5% retail; and 74% single-family residential.

The portfolio is located 100% in the West.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize buying industrial properties.

McMorgan expects to spend \$5 million on rehabilitation, renovation, expansion and modernization of existing properties in 1989.

Its main area of concentration during the year will be on rehabilitation/asset management of properties.

The firm offers separate account management.

Michael T. Fry, senior vice president, is in charge of making property investments. William Sumner, senior vice president, is client contact.

Mellon Real Estate Investment Management

8 Stamford Forum, Stamford, Conn. 06901; (203) 324-6400

Tax-exempt real estate assets	\$554,000,000
Equity	\$307,000,000
Hybrid debt	\$123,000,000
Mortgages	\$124,000,000
Direct, separate accounts	
Equity	\$307,000,000
Hybrid debt	\$123,000,000
Mortgages	\$124,000,000
Total real estate assets	\$554,000,000
Equity	\$307,000,000
Hybrid debt	\$123,000,000
Mortgages	\$124,000,000

As of June 30, Mellon Real Estate Investment Management Corp. had \$554 million in U.S. institutional tax-exempt real estate assets, of which \$515 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$301 million as of June 30; contributions committed but not received were \$6 million.

The hybrid debt holdings had a market value of \$121 million; contributions committed but not received were \$2 million. The market value of the mortgages was \$120 million; contributions committed but not received were \$4 million.

Of the total assets under management, \$32 million was for non-U.S. pension funds.

All of the tax-exempt assets were invested in existing properties.

The property mix was 17% industrial; 2% multifamily housing; 61% office/commercial; 17% retail; and 3% single-family residential.

The tax-exempt property portfolio is located 14% in the West; 34%, Midwest; 23%, East; and 29%, South.

The firm expects to place primary emphasis on the purchase of retail/commercial properties in the next year.

Mellon Real Estate expects to spend \$2.5 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers separate account management.

Tax-exempt clients include Westinghouse, Borg-Warner, Georgia Municipal Employees and GM.

The parent company is Mellon Bank Corp., which announced in September that it was acquiring McMahan Real Estate Advisors Inc.

Arlen Dahlquist, senior vice president, and Jeff Shea and Tom Ryan, vice presidents, are in charge of making property investments. Elmer G. Oniffrey, senior vice president, is client contact.

L.J. Melody & Co.

5847 San Felipe, Suite 4400, Houston, Texas 77057; (713) 787-1900

Tax-exempt real estate assets	\$900,000,000
Hybrid debt	\$479,000,000
Mortgages	\$421,000,000
Direct, separate accounts	
Hybrid debt	\$479,000,000
Mortgages	\$421,000,000
Total real estate assets	\$2,063,000,000
Equity	\$712,000,000
Mortgages	\$1,351,000,000

As of June 30, L.J. Melody & Co. had \$900 million in U.S. institutional tax-exempt real estate assets.

The hybrid debt holdings had a market value of \$440 million; contributions committed but not received were \$39 million. The market value of the mortgages was \$421 million; contributions committed but not received were \$12 million.

Managers with non-U.S. property investments*

Firm	\$ millions
JMB Institutional Realty	4,289
Prudential Real Estate	1,600
Morguard Investments	1,079
Edgecombe Group	800
Penreal Advisors	136
Equitable Real Estate	123
PSI Institutional Realty	113
MONEY Real Estate	75
RREEF Funds	61
Angeles Institutional Advisors	31
NCNB National Bank	29
GE Investments	23
Alex. Brown Realty Advisors	8
Total	\$3,367

* Rankings based on total assets

Of the tax-exempt assets, 95% was invested in existing properties and 5% in developmental properties.

The property mix for tax-exempt assets was 4.7% multifamily housing; 56.4% office/commercial; and 38.9% retail.

The tax-exempt property portfolio is located 12.5% in the West; 3.3%, East; and 84.2%, South.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize buying retail properties.

Its main area of concentration during the year will be acquisitions.

The firm offers direct separate accounts and participations in direct investments.

L.J. Melody & Co. of California is an affiliate.

L.J. Melody, president, and John M. Bradley, executive vice president, are in charge of making property investments. Robert D. Barkley, vice president, is client contact.

Metropolitan Life

1 Madison Ave., New York, N.Y. 10010; (212) 578-3343

Tax-exempt real estate assets	\$948,000,000
Equity	\$948,000,000
Commingled or pooled funds	
Equity	\$815,000,000
Direct, separate accounts	
Equity	\$133,000,000
Total real estate assets	\$24,000,000,000
Equity	\$9,900,000,000
Mortgages	\$14,100,000,000

As of June 30, Metropolitan Life had \$948 million in U.S. institutional tax-exempt real estate assets, all of which was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$851 million as of June 30. Contributions received but not invested were \$85 million; contributions committed but not received were \$12 million.

Of tax-exempt general account assets, \$2.01 billion was invested in equity real estate and \$7.63 billion, in mortgages.

Of the total assets under management, \$465 million was for Japanese clients.

All of the tax-exempt assets were invested in existing properties.

The property mix for tax-exempt assets was 2% hotel/resort; 19% industrial; 8% multifamily housing; 46% office/commercial; 24% retail; and 1% mixed use.

The tax-exempt property portfolio is located 36% in the West; 15%, Midwest; 23%, East; and 26%, South.

Of the four regions, the primary emphasis will be on buying in the Midwest. The firm also expects to emphasize industrial properties.

Its main area of concentration during the year will be rehabilitation/asset management of existing properties.

The firm offers open- and closed-end commingled funds, separate account management, joint ventures and direct investments.

The Tower Fund is an open-end fund that has received and invested \$228 million; has received but not invested \$85 million; and has commitments for but not received \$12 million. The fund has 20 participants. The fund

This announcement appears as a matter of record only

\$110,000,000

Master Servicing Contract

To

Financial Products & Services, Inc.

Boston, Massachusetts

FP&S

From

Los Angeles County Employees Retirement Association

PROPERTY

properties, with lease terms typically not exceeding five years without a rent review. The fund, which will not exceed 75 properties, now holds offices, R&D complexes, retail, apartments and warehouses.

Account RE is an open-end commingled fund. Contributions received and invested were \$233 million from 30 clients. The fund invests in high-quality existing and leased properties. Investments are also made with major developers in large properties. The investment commitment is often made during the planning and developmental stages, with the funding occurring upon completion, limiting developmental risk. The emphasis is on R&D/industrial buildings, regional shopping centers and urban and suburban office buildings.

The Defined Contribution Real Estate Account, an open-end fund, has received and invested \$88 million from one participant. The DCRE fund, especially designed to meet the needs of defined contribution plans, emphasizes low-risk, high-quality well-leased properties generating strong current income with long-term appreciation potential.

Acquisitions focus on properties valued between \$5 million and \$15 million, and include retail, office, R&D, warehouse, light industrial and apartment properties.

Real estate subsidiaries include Century 21, Cross & Brown, MetFirst Financial, Farmers National, MetWest Agribusiness and MetHotels.

James B. Digney, senior vice president-real estate investments, is in charge of making property investments. Michael J. Walker, assistant vice president-pensions real estate, is client contact.

MIG Cos.

1645 Palm Beach Lakes Blvd., Suite 600, West Palm Beach, Fla. 33401; (407) 686-1800

Tax-exempt real estate assets	\$1,236,000,000
Equity	\$618,000,000
Hybrid debt	\$489,000,000
Mortgages	\$129,000,000
Commingled or pooled funds	
Equity	\$409,000,000
Direct, separate accounts	
Equity	\$209,000,000
Hybrid debt	\$489,000,000
Mortgages	\$129,000,000
Total real estate assets	\$1,236,000,000

As of June 30, MIG Cos. had \$1.236 billion in U.S. institutional tax-exempt real estate assets, of which \$474 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$555 million June 30. Contributions committed but not received were \$63 million.

The hybrid debt holdings had a market value of \$473 million. Contributions committed but not received were \$15 million. The market value of the mortgages was \$99 million. Contributions committed but not received were \$31 million.

Of the assets, 87.7% was invested in existing properties and 12.3% in developmental properties.

The property mix was 9.8% hotel/resort; 7.7% industrial; 23.2% multifamily housing; 25.9% office/commercial; 20.6% retail; and 12.8% other.

The portfolio is located 21.6% in the West; 42.4% Midwest; 10.3% East; and 25.7% South.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize buying multi-family housing.

Its main area of concentration during the year will be acquisitions.

The firm offers discretionary and non-discretionary accounts, and commingled funds.

MIG offers six commingled funds; four are closed to new subscriptions. The Residential Group Trust is open for subscriptions and has contributions committed but not received of \$40 million from two participants. The Stonemark Equity Trust is open and has received and invested \$11 million and has commitments not received of \$10 million. The Stonemark Equity Trust has three participants.

Tax-exempt clients include the De-

troit General Retirement, Detroit Police and Fire, the Philadelphia Board of Pensions and Allied Signal.

Real estate subsidiaries include MIG Realty Advisors, MIG Realty Investors and MIG Capital Management.

Larry Wright, executive vice president, is in charge of making property investments. R. Daniel Barwick, senior vice president, is client contact.

J.P. Morgan Investment Management Inc.

522 Fifth Ave., New York, N.Y. 10036; (212) 837-2181

Tax-exempt real estate assets	\$1,982,000,000
Equity	\$675,000,000
Hybrid debt	\$1,307,000,000
Commingled or pooled funds	
Equity	\$577,000,000
Hybrid debt	\$1,180,000,000
Direct, separate accounts	
Equity	\$98,000,000
Hybrid debt	\$127,000,000
Total real estate assets	\$2,129,000,000
Equity	\$732,000,000
Hybrid debt	\$1,388,000,000

As of June 30, J.P. Morgan Investment Management Inc. had \$1.982 billion in U.S. institutional tax-exempt real estate assets, of which \$1.868 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$215 million as of June 30. Contributions received but not invested were \$293 million; contributions committed but not received were \$167 million.

The hybrid debt holdings had a market value of \$1.129 billion. Contributions received but not invested were \$113 million; contributions committed but not received were \$65 million.

Of the total assets under management, \$137 million was for non-U.S. clients, of which \$102 million was for Japanese clients.

Of the tax-exempt assets, 72% was invested in existing properties and 28% in developmental properties.

The property mix for tax-exempt assets was 2% hotel/resort; 16% in-

dustrial; 43% office/commercial; and 39% retail.

The tax-exempt property portfolio is located 2% in the West; 13% Midwest; 68% East; and 17% South.

The primary emphasis will be on buying industrial properties.

J.P. Morgan expects to spend \$135 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers investment in an open-end commingled fund and direct, separate account management.

J.P. Morgan's Real Estate Fund is an open-end fund with 155 participants; contributions and commitments total \$1.757 billion. The fund balances existing, leased, high-income-generating investments with a limited number of special situation development and redevelopment joint ventures. Emphasis is on the industrial sector, which currently comprises 16% of the fund,

and on older office buildings within the Northeast urban office centers. It also invests in markets that have been severely depressed because of reversible factors.

The parent is J.P. Morgan & Co.

Timothy J. Heise, managing director, is in charge of making property investments. Erling Asheim, vice president, is client contact.

NCNB National Bank

1 NCNB Plaza, Charlotte, N.C. 28255; (704) 374-5312

Tax-exempt real estate assets	\$762,000,000
Equity	\$685,000,000
Hybrid debt	\$77,000,000
Commingled or pooled funds	
Equity	\$466,000,000
Hybrid debt	\$71,000,000
Direct, separate accounts	
Equity	\$219,000,000
Hybrid debt	\$6,000,000
Total real estate assets	\$762,000,000

As of June 30, NCNB National Bank had \$762 million in U.S. institutional



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tax-exempt real estate assets, all of which was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$673 million as of June 30. Contributions received but not invested were \$12 million. The hybrid debt holdings had a market value of \$77 million.

Of the assets under management, \$29 million was in non-U.S. properties.

As of June 30, 56.7% of the assets was in existing properties and 43.3% in developmental properties.

The property mix was 28.2% industrial; 7.9% multifamily housing; 2.5% office/commercial; 51.4% land.

The property portfolio is located 0.1% in the West; 11.1%, East; and 88.8%, South.

Of the four regions, the primary emphasis will be on buying in the South. The firm also expects to emphasize buying office/commercial and industrial properties.

NCNB National Bank expects to spend \$50 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be rehabilitation/asset management of existing properties.

The firm offers open- and closed-end funds and separate account management.

The NCNB Real Estate Fund is an open-end fund, with \$515 million in contributions from 669 participants. The fund buys land for the development of commercial and residential investments, primarily business parks, situated near major southeastern cities.

Tax-exempt investment clients include the Ohio Schools, TWA Pilots, Washington Suburban Sanitary Commission and the Inter-American Development Bank.

The parent company is NCNB Corp. Floyd T. Boyce, senior vice president, is in charge of making property investments. Patrick P. Laratta III, vice president, is client contact.

The O'Connor Group

200 Park Ave., New York, N.Y. 10166;
(212) 687-7420

Tax-exempt real estate assets	\$1,350,000,000
Equity	\$1,350,000,000
Commingled or pooled funds	
Equity	\$713,000,000
Direct, separate accounts	
Equity	\$637,000,000
Total real estate assets	\$1,609,000,000
Equity	\$1,609,000,000

As of June 30, The O'Connor Group had \$1.35 billion in U.S. institutional tax-exempt real estate assets, of which \$321 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$1.005 billion as of June 30. Contributions received but not invested were \$345 million.

Of the total assets under management, \$4 million was for non-U.S. clients.

All of the tax-exempt assets was invested in existing properties.

The property mix for tax-exempt assets was 13% industrial; 15% office/commercial; and 72% retail.

The tax-exempt property portfolio is located 4% in the West; 34%, Midwest; 14%, East; and 48%, South.

The primary emphasis will be on buying retail properties.

Its main area of concentration during the year will be acquisitions.

The firm offers closed-end commingled funds and separate account management.

The Community Center Trust (CCF), expected to close in December 1989, emphasizes the acquisition of retail, office and industrial sites that have a minimum value of \$50 million.

Tax-exempt investment clients include AT&T, California Employees, Ford and Kansas Employees.

The firm's real estate subsidiary is O'Connor Management Inc.

Jeremiah W. O'Connor, Glenn J. Rufrano and Benjamin G. Gifford are in charge of making property investments. Nancy I. Lashine, principal, is client contact.

Phoenix Mutual Life Insurance Co.

1 American Row, Hartford, Conn.
06115; (203) 275-5000

Tax-exempt real estate assets	\$422,000,000
Equity	\$125,000,000
Hybrid debt	\$307,000,000
Commingled or pooled funds	
Equity	\$118,000,000
Hybrid debt	\$253,000,000
Direct, separate accounts	
Equity	\$7,000,000
Hybrid debt	\$54,000,000
Total real estate assets	\$2,756,000,000
Equity	\$422,000,000
Hybrid debt	\$956,000,000
Mortgages	\$1,378,000,000

As of June 30, Phoenix Mutual Life Insurance Co. had \$432 million in U.S.

institutional tax-exempt real estate assets, all of which was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$125 million as of June 30. The hybrid debt holdings had a market value of \$307 million.

Of tax-exempt general account assets, \$349 million was invested in mortgages.

All of the tax-exempt assets were invested in developmental properties.

The property mix for tax-exempt assets was 17.9% office/industrial; 37.1% multifamily housing; 27.9% office/commercial; and 17.1% retail.

The tax-exempt property portfolio is located 32.5% in the West; 31.3%,

Midwest; 21.7%, East; and 14.5%, South.

Of the four regions, the primary emphasis will be on buying in the Midwest. The firm also expects to emphasize buying apartment properties.

Phoenix Mutual expects to spend between \$2 million and \$3 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be disposition.

The firm offers open and closed-end funds and separate account management.

The Real Estate Separate Account (RESA) is an open-end fund with \$371

million invested for 224 tax-exempt participants. The fund focuses on investments in newly constructed properties, allowing for maximum appreciation during the lease-up phase and high rates of return for short holding periods. Each transaction is structured to enhance the overall objective of the risk, return and diversification, and to preserve and protect investment capital.

The Closed-End Real Estate Account (CEREA-I), a closed-end fund that is expected to close in November 1989, has \$67 million in commitments not received from four participants. The fund follows the same investment strategy as RESA.



PROPERTY

Tax-exempt clients include Connecticut, Burroughs Wellcome, Virginia Supplemental and Armstrong Rubber.

Real estate subsidiaries of the firm are Phoenix Founders Inc., Phoenix Realty Management Inc., Phoenix Farmland Management Inc. and Phoenix Realty PDF 86 Inc.

Mary Ellen Burke, director-client services, is client contact.

Property Capital Associates

1 Post Office Square, Boston, Mass. 02109; (617) 451-2400

Tax-exempt real estate assets	\$780,000,000
Equity	\$780,000,000
Commingled or pooled funds	
Equity	\$679,000,000

Direct, separate accounts	
Equity	\$101,000,000
Total real estate assets	\$780,000,000

As of June 30, Property Capital Associates had \$780 million in U.S. institutional tax-exempt real estate assets, all of which was in fully discretionary accounts.

The equity holdings had a market value of \$670 million as of June 30. Contributions committed but not received were \$110 million.

Of the assets under management, \$10 million was for foreign clients, of which \$8 million was for non-U.S. pension funds.

All assets were in existing properties.

The property mix was 21% hotel/resort; 7% industrial; 19% multifamily housing; 41% office/commercial; and 12% retail.

The property portfolio is located 26% in the West; 32%, Midwest; 30%, East; and 12%, South.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize buying industrial properties.

Property Capital Associates expects to spend \$100 million on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be rehabilitation/asset management of existing properties.

The firm offers closed-end funds, direct investments and separate account management.

The PCA Green Tree Mall is a closed-end commingled fund, expected to close in December. Contributions committed but not received are \$56 million. The fund will provide a participating mortgage loan on an existing regional shopping mall in southern Indiana.

Clients include Allied-Signal, Eastman Kodak, Harvard and Maine.

Anthony D. Fox, director, is in charge of making property investments.

Gary R. Scwandt, director, is client contact.

Prudential Real Estate Investors

751 Broad St., 3 Prudential Plaza, Newark, N.J. 07102-3777; (201) 802-8462

Tax-exempt real estate assets	\$5,491,000,000
Equity	\$5,086,000,000
Hybrid debt	\$166,000,000
Mortgages	\$239,000,000
Commingled or pooled funds	
Equity	\$4,903,000,000
Hybrid debt	\$166,000,000
Mortgages	\$239,000,000
Direct, separate accounts	
Equity	\$183,000,000
Total real estate assets	\$52,800,000,000
Equity	\$22,000,000,000
Hybrid debt	\$200,000,000
Mortgages	\$30,600,000,000

As of June 30, Prudential Real Estate Investors had \$5.491 billion in U.S. institutional tax-exempt real estate assets, of which \$5.409 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$4.471 billion as of June 30. Contributions received but not invested were \$414 million; contributions committed but not received were \$201 million.

The hybrid debt holdings had a market value of \$133 million; Contributions received but not invested were \$33 million. The market value of the mortgages was \$168 million; contributions received but not invested were \$71 million.

Of tax-exempt general account assets, \$200 million was invested in equity real estate and \$7.8 billion in mortgages.

Of the total assets under management, \$1 billion was for non-U.S. clients, of which \$825 million was for Japanese clients and \$200 million was for non-U.S. pension funds. Of the total assets, \$1.6 billion was in non-U.S. properties.

All the tax-exempt assets were invested in existing properties.

The property mix for tax-exempt assets was 9% hotel/resort; 14.7% industrial; 13.6% multifamily housing; 44.8% office/commercial; 17.7% retail; and 0.2% other.

The tax-exempt property portfolio is located 31% in the West; 15%, Midwest; 38.7%, East; and 15.3%, South.

Prudential Real Estate Advisors expects to spend between \$100 million and \$125 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions of industrial properties.

The firm offers commingled open-end equity and mortgage funds, closed-end equity funds, separate accounts and direct investments in existing and developmental properties.

The Prudential Property Investment Separate Account (PRISA), an open-end fund, has \$3,529 billion invested for 213 participants; it has another \$272 million in contributions received but not invested. The fund invests in completed, well-leased, income-producing properties, with a preference for sole ownership and minimal leverage.

Prudential Property Investment Separate Account II (PRISA II) is an open-end fund currently closed to new deposits. The fund has \$546 million invested for 28 participants, \$95 million in contributions received but not invested and \$145 million in contributions committed but not received. It seeks emerging investment opportunities by buying completed, well-leased properties on an all-cash basis.

The Prudential Preference Investment Mortgage Separate Account (PRIMOR), an open-ended fund, has \$76 million received and invested and \$25 million received but not invested from 18 clients. The fund invests in participating mortgages on union-built properties.

The Prudential Mortgage Investment Separate Account (MORISA), an open-end fund, has \$57 million invested and \$8 million received but not invested for five clients. It invests solely in participating mortgages on income-producing property.

The Union Mortgage Account (UMA), an open-end fund, has \$50

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million invested and \$71 million in contributions received but not invested for 26 clients. The fund invests in construction loans, forward commitments, and permanent loans on union-built properties.

Tax-exempt clients include AT&T, Florida, New York State Teachers and Virginia Supplemental.

The parent company is The Prudential Insurance Co. of America. Its other real estate subsidiaries are Prudential Property Co., Prudential Realty Advisors, Prudential Realty Partnerships Inc., Prudential Realty Securities I and II, Prudential Home Mortgage Corp. Inc., Prudential Home Security Inc., 745 Property Investments, PIC Realty Corp., Capital Agricultural Property Services Inc., PG Realty, PIC Realty Canada, Prudential Mortgage Capital Co., Lenders Service Acquisition Corp., Premises Real Estate Services Inc. and Prudential Real Estate Affiliates.

S. Michael Bennett, vice president, is in charge of making property investments. Lester F. Lockwood, vice president-domestic marketing, is client contact.

PSI Institutional Realty

1015 Grandview Ave., Glendale, Calif.
91201; (818) 244-8080

Tax-exempt real estate assets	\$1,040,000,000
Equity	\$1,040,000,000
Commingled or pooled funds	
Equity	\$785,000,000
Direct, separate accounts	
Equity	\$255,000,000
Total real estate assets	\$2,943,000,000
Equity	\$2,681,000,000
Mortgages	\$262,000,000

As of June 30, PSI Institutional Realty, a division of Public Storage Inc., had \$1.04 billion in U.S. institutional tax-exempt real estate assets, of which \$8 million was invested in non-U.S. properties.

The tax-exempt equity assets had a market value of \$830 million as of June 30. Contributions received but not invested were \$122 million; contributions committed but not received were \$88 million.

Of the total assets under management, \$197 million was for non-U.S. clients, of which \$34 million was for non-U.S. pension funds. The firm had a total of \$113 million invested in non-U.S. properties.

Of the tax-exempt assets, 5% was invested in existing properties and 95% in developmental properties.

All tax-exempt assets were invested in industrial properties.

The tax-exempt property portfolio is located 49% in the West; 11.8%, Midwest; 16.8%, East; and 22.4%, South.

Of the four regions, the primary emphasis will be on buying in the East. The firm also expects to emphasize buying industrial properties.

Its main area of concentration during the year will be on the management of existing properties.

The firm offers closed-end funds and separate account management.

Public Storage Institutional Fund IV (PSIF IV) is expected to close Oct. 31. The fund is a limited partnership that will acquire high-grade commercial and industrial land sites and will develop, own and manage mini-warehouse facilities nationwide.

Tax-exempt investment clients include Ameritech, Connecticut, Eastman Kodak and Illinois.

The parent company is Public Storage Inc.

Hugh Horne, president-Public Storage Development Group, is in charge of making property investments. Thomas J. Mizo, senior vice president, is client contact.

The RREEF Funds

650 California St., Suite 1800, San Francisco, Calif. 94108; (415) 781-3300

Tax-exempt real estate assets	\$3,701,000,000
Equity	\$3,701,000,000
Commingled or pooled funds	
Equity	\$2,925,000,000
Direct, separate accounts	
Equity	\$776,000,000
Total real estate assets	\$3,701,000,000

As of June 30, The RREEF Funds had \$3.701 billion in U.S. institutional tax-exempt real estate assets, of which \$2.925 billion was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$3.156 billion as of June 30. Contributions received but not invested were \$67 million; contributions committed but not received were \$478 million.

Of the assets under management, \$61 million was in non-U.S. properties and \$398 million was for non-U.S. pension funds.

All the assets were in existing properties.

The property mix was 29% industrial; 34% office/commercial; and 37% retail.

The property portfolio is located 46% in the West; 19%, Midwest; 17%, East; 18%, South.

Of the four regions, the primary emphasis will be on buying in the Midwest. The firm also expects to emphasize buying industrial properties.

Its main area of concentration during the year will be rehabilitation/asset management of existing properties.

The firm offers both core and specialized closed-end funds and separate account management.

RREEF Apartment Fund-I has more than \$70 million in commitments. The fund will purchase high-quality apartment buildings in select major U.S. metropolitan areas. The maximum size of the fund will be \$125 million.

RREEF Industrial Fund-I will acquire substantially occupied warehouses and light manufacturing properties in three large metropolitan markets. Acquisition prices for individual properties will range from \$2 million to \$15 million each.

RREEF USA Fund-IV will purchase office buildings and shopping centers of more than \$25 million in size and industrial parks of more than \$15 million in size in major U.S. metropolitan areas. The maximum size of the fund will be \$300 million.

Clients include AT&T, Illinois State Universities, New York State Common and Shell Oil.

Stanislaw Maliszewski, partner, is the client contact.

Schroder Real Estate Associates

437 Madison Ave., New York, N.Y.
10022; (212) 486-9800

Tax-exempt real estate assets	\$450,000,000
Equity	\$450,000,000
Commingled or pooled funds	
Equity	\$350,000,000
Direct, separate accounts	
Equity	\$100,000,000
Total real estate assets	\$1,200,000,000
Equity	\$1,200,000,000

As of June 30, Schroder Real Estate Associates had \$450 million in U.S. institutional tax-exempt real estate assets, of which \$275 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$300 million as of June 30. Contributions committed but not received were \$150 million.

Of the total assets under management, \$750 million was for non-U.S. clients, including \$300 million for foreign pension funds.

All of the U.S. tax-exempt assets

Managers with non-U.S. clients*

Firm	\$ millions
Yarmouth Group	3,060
Equitable Real Estate	1,696
Corporate Property Investors	1,650
Lehndorff & Babson	1,382
Eastdil Realty	1,325
Morguard Investments	1,079
Prudential Real Estate	1,000
Edgecombe Group	850
Schroder Real Estate	750
Heitman Advisory	700
Baring Institutional Realty	663
Metropolitan Life	465
Chesterton Int'l	399
Citicorp Real Estate	256
JMB Institutional Realty	230
Aetna Life & Casualty	211
PSI Institutional Realty	197
Travelers	174
J.P. Morgan Investment Mgmt.	137
Penreal Advisors	136
Loeb Partners Realty	100
Birtcher Realty Advisors	65
Massachusetts Mutual Life	65
McMahan Real Estate	63
Balcor	44
First Chicago Investment	33
Property Capital Associates	10
American Agricultural	9
Richard Ellis	9
Angeles Institutional Advisors	6
O'Connor Group	4
Total	16,768

* Rankings based on total assets

were invested in existing properties.

The property mix for tax-exempt assets was 40% office/commercial and 60% retail.

The tax-exempt property portfolio is located 26% in the West; 8%, Midwest; 38%, East; and 28%, South.

Of the four regions, the primary emphasis will be on buying in the East. The firm also expects to emphasize buying office properties.

Schroder expects to spend \$75 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers closed-end funds, co-investment programs and separate account management.

The Schroder Real Estate Value-Enhancement Fund B.L.P. is expected to



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close in December. The fund has commitments not received of \$33 million from two participants, and its size will be between \$100 million and \$250 million. The fund is a finite-life partnership that will acquire underperforming retail, office and industrial warehouse properties possessing significant value-enhancement potential. Properties will be subjected to intense direct property and construction management and will be sold upon creation of optimum incremental value.

Tax-exempt clients include Eastman Kodak, 3M, Philip Morris and the New York State Common Fund.

A real estate subsidiary of the firm is Schroder Center Management Inc.

Norman L. Peck, managing director, is in charge of making property investments. John Emmanuel, senior vice president, is client contact.

Sentinel Real Estate Corp.

1290 Avenue of the Americas, New York, N.Y. 10104; (212) 408-2911

Tax-exempt real estate assets	\$1,358,000,000
Equity	\$1,358,000,000
Commingled or pooled funds	
Equity	\$1,048,000,000
Direct, separate accounts	
Equity	\$310,000,000
Total real estate assets	\$1,626,000,000
Equity	\$1,626,000,000

As of June 30, Sentinel Real Estate Corp. had \$1,358 billion in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$1,358 billion as of June 30.

All of the tax-exempt assets were invested in existing properties.

The property mix was 1% industrial; 86% multifamily housing; 6% office;

commercial; and 7% retail.

The property portfolio is located 36% in the West; 9%, Midwest; and 55%, South.

The firm expects to emphasize buying garden apartment properties.

Sentinel expects to spend \$15 million on rehabilitation, renovation, expansion, and modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers separate account management and open- and closed-end commingled funds.

Sentinel offers four commingled funds, one of which is closed for new subscriptions. The SRE Real Estate Fund is an open-end group trust with \$853 million from 117 participants. The fund invests in garden apartment, office, retail and industrial properties between \$5 million and \$25 million. Properties acquired will have a high current income and potential for value enhancement through on-site property management.

SRE Realty Partners II, a closed-end fund, is a limited partnership. The fund has received \$10 million from three investors. The fund acquires new apartment properties between \$5 million and \$20 million, with potential for capital appreciation and value enhancement.

SRE Realty Partners III, also a closed-end fund structured as a limited partnership, has received \$8 million from two participants. The property emphasis will be on residential, commercial and industrial properties from \$3 million to \$15 million. Properties will be selected on the basis of potential for significant capital appreciation through a change in density or use, or

through redevelopment. Investments will be made in older properties that are expected to be suitable for a change in economic use over a seven- to 10-year period.

Tax-exempt investment clients include Maryland, Ford Motor, Alaska and U.S. WEST.

John Streicker, president and chief investment officer, is in charge of making property investments. Lewis W. Kresch, senior vice president, is client contact.

State Street Bank and Trust

225 Franklin St., Boston, Mass. 02110; (617) 654-3953

Tax-exempt real estate assets	\$549,000,000
Equity	\$273,000,000
Hybrid debt	\$175,000,000
Commingled or pooled funds	
Equity	\$273,000,000
Hybrid debt	\$175,000,000
Total real estate assets	\$549,000,000

As of June 30, State Street Bank and Trust Co. had \$549 million in U.S. institutional tax-exempt real estate assets, all of which was in fully discretionary accounts. In addition to the tax-exempt equity and hybrid debt assets listed above, there is \$100 million included within the tax-exempt total that the firm cannot break down further. Aldrich, Eastman & Walch acts as an adviser for all of State Street Bank's tax-exempt real estate assets.

The tax-exempt equity assets had a market value of \$273 million as of June 30. The hybrid debt holdings had a market value of \$175 million.

Of the assets, 91% was invested in existing properties and 9% in develop-

mental properties.

The property mix was 34% industrial; 31% office commercial; 32% retail; and 3% residential.

The property portfolio is located 14% in the West; 38%, Midwest; 24%, East; and 24%, South.

State Street Bank expects to spend \$3 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

The firm offers seven closed-end commingled funds, in conjunction with Aldrich, Eastman & Walch. The AEW-State Street Real Estate Funds I to VI are closed for new subscriptions. Fund VII is expected to close in December.

The investment philosophy of the fund series is based on a flexible, opportunistic approach, acquiring well-located, high-quality, income-producing commercial real estate. The firm concentrates on designing innovative, conservative investment programs, using equity and equity-related investment structures.

Tax-exempt clients include CBS, GTE, the World Bank and Wisconsin Electric.

The parent is State Street Boston Corp.

Robert E. Kilroy, vice president, is in charge of making property investments. Peter E. Braun, vice president, is client contact.

TCW Realty Advisors

400 S. Hope St., Suite 600, Los Angeles, Calif. 90071-2899; (213) 683-4200

Tax-exempt real estate assets	\$2,816,000,000
Equity	\$2,210,000,000
Hybrid debt	\$606,000,000
Commingled or pooled funds	
Equity	\$1,092,000,000
Hybrid debt	\$451,000,000
Direct, separate accounts	
Equity	\$618,000,000
Hybrid debt	\$155,000,000
Total real estate assets	\$2,816,000,000

As of June 30, TCW Realty Advisors had \$2,816 billion in U.S. institutional tax-exempt real estate assets, of which \$2,365 billion was in fully discretionary accounts.

The equity assets had a market value of \$2 billion as of June 30. Contributions received but not invested were \$160 million; contributions committed but not received were \$50 million.

The hybrid debt holdings had a market value of \$606 million.

Of the assets, 98% was invested in existing properties and 2% in development properties.

The property mix was 38% industrial; 40% office commercial; 18% retail; and 4% land.

The property portfolio is located 58% in the West; 6%, Midwest; 27%, East; and 9%, South.

Of the four regions, the primary emphasis will be on buying in the West. The firm also expects to emphasize buying undeveloped land.

TCW expects to spend \$15 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989.

Its main area of concentration during the year will be acquisitions.

The firm offers direct separate ac-



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PROPERTY

count management and closed-end commingled funds.

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Tax-exempt clients include PacTel, U S WEST, McDonnell-Douglas and Connecticut.

The firm is a joint venture with the Trust Co. of the West.

William Krauch, partner and director of acquisitions, is in charge of making property investments. Bruce Ludwig, senior partner, is client contact.

The Union Labor Life Insurance Co.

111 Massachusetts Ave., N.W.,
Washington, D.C. 20001; (202)
682-0900

Tax-exempt real estate assets	\$414,000,000
Mortgages	\$414,000,000
Commingled or pooled funds	
Mortgages	\$414,000,000
Total real estate assets	\$613,000,000
Mortgages	\$613,000,000

As of June 30, Union Labor Life Insurance Co. had \$414 million in U.S. institutional tax-exempt real estate assets, all in fully discretionary accounts.

The market value of the mortgages was \$399 million. Contributions received but not invested were \$10 million; contributions committed but not received were \$5 million.

The property mix for tax-exempt assets was 7.4% hotel/resort; 25.3% industrial; 0.1% multifamily housing; 43.2% office/commercial; 22.6% retail; 0.9% single-family housing; and 0.5% restaurants.

The tax-exempt property portfolio is located 13.4% in the West; 28.2% Midwest; 51.5%, East; and 6.9% South.

The firm offers open-end funds and separate account management.

The Mortgage Separate Account J — "J for Jobs" — fund is an open-end commingled fund with 186 participants. Contributions received and invested

were \$399 million; contributions received but not invested were \$10 million; and commitments not received were \$5 million. The fund invests in a diversified portfolio of high-quality first mortgages on residential and income-producing properties to be built or renovated by union contracts employing only AFL-CIO building tradesmen. Investments are evaluated by location and type to minimize risk and ensure a good return on investments.

The parent is ULLICO Inc.

E.R. Saathoff, vice president-mortgage department, is in charge of making property investments. John E. Stephan, director-group sales/marketing, is client contact.

Wells Fargo Realty Advisors

595 Market St., 15th Floor, San Francisco, Calif. 94105; (415) 477-5800

Tax-exempt real estate assets	\$472,000,000
Equity	\$84,000,000

Hybrid debt	\$387,000,000
Mortgages	\$1,000,000
Commingled or pooled funds	
Equity	\$76,000,000
Hybrid debt	\$158,000,000
Mortgages	\$1,000,000
Direct, separate accounts	
Equity	\$8,000,000
Hybrid debt	\$229,000,000
Total real estate assets	\$523,000,000
Equity	\$231,000,000
Hybrid debt	\$291,000,000
Mortgages	\$1,000,000

As of June 30, Wells Fargo Realty Advisors had \$472 million in U.S. institutional tax-exempt real estate assets, of which \$201 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$76 million as of June 30. Contributions received but not invested were \$8 million.

The hybrid debt holdings had a market value of \$291 million. Contributions received but not invested were \$36 million; contributions committed but not received were \$60 million. The market value of the mortgages was \$1 million.

Of the tax-exempt assets, 22% was invested in existing properties and 78% in developmental properties.

The property mix for tax-exempt assets was 35.9% industrial; 15.2% multifamily housing; 2.9 office/commercial; and 46% retail.

The tax-exempt property portfolio is located 80.3% in the West; 1.9%, Midwest; 5.9%, East; and 11.9%, South.

Of the four regions, the primary emphasis will be on buying in the West.

Wells Fargo Realty Advisors expects to spend \$1.3 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989. Its main area of concentration will be acquisitions.

The firm offers open-end funds and separate account management.

Wells Fargo Real Estate Equity Fund is an open-end fund with assets of \$202 million from 150 participants. It emphasizes development-oriented real estate transactions and opportunities where existing real estate can be upgraded, expanded or renovated. Transactions typically are structured as either development joint ventures or developmental participating mortgages.

Tax-exempt clients include Ohio Public Employees and GM.

The parent is Wells Fargo Bank N.A. Its other real estate subsidiary is Wells Fargo Realty Finance.

Doug Hayek, director of acquisitions, is in charge of making property investments. J. Michael Johnson, director of marketing, is client contact.

The Yarmouth Group

527 Madison Ave., New York, N.Y.
10022; (212) 355-4810

Tax-exempt real estate assets	\$3,165,000,000
Equity	\$2,820,000,000
Hybrid debt	\$345,000,000
Commingled or pooled funds	
Equity	\$110,000,000
Direct, separate accounts	
Equity	\$2,710,000,000
Hybrid debt	\$345,000,000
Total real estate assets	\$6,225,000,000
Equity	\$5,880,000,000
Hybrid debt	\$345,000,000

As of June 30, The Yarmouth Group, formerly Richard Ellis Inc., had \$3.165 billion in U.S. institutional tax-exempt real estate assets, of which \$690 million was in fully discretionary accounts.

The tax-exempt equity assets had a market value of \$1.67 billion as of June 30. Contributions committed but not received were \$1.15 billion.

The hybrid debt holdings had a market value of \$345 million.

Of the total assets under management, \$3.06 billion was for non-U.S. clients, including \$1.45 billion for Japanese clients and \$1.61 billion for non-U.S. pension funds.

Of the tax-exempt assets, 95% was invested in existing properties and 5% in developmental properties.

The property mix for tax-exempt assets was 4% hotel/resort; 1% industrial; 72% office/commercial; and 23% retail.

The tax-exempt property portfolio is located 39% in the West; 8%, Midwest; 38%, East; and 15%, South.

Of the four regions, the primary emphasis will be on buying in the East. The firm also expects to emphasize buying office properties.

The Yarmouth Group expects to spend \$75 million for tax-exempt clients on rehabilitation, renovation, expansion or modernization of existing properties in 1989. Its main area of concentration during the year will be rehabilitation and asset management of existing assets.

The firm offers direct, separate account management and a closed-end private REIT.

The Core Property Trust Inc. is a closed-end private REIT, open for new subscriptions. The fund has commitments not received for \$110 million from four participants. The fund will emphasize investment in dominant office buildings in eight cities and superregional shopping malls in major metropolitan markets.

Tax-exempt clients include New York State Common Fund.

Christopher D. Budden, president, is in charge of making property investments. David R. Hodes, director, is client contact.

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A Money magazine poll of 100 top fund managers recently chose Don Yackman of Selected American Shares Fund as a manager they would entrust with their own portfolio.

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Pension funds suited for wilderness

By Michael Edesess

This year has seen unprecedented efforts by pension trustees to indirectly influence corporate environmental decision-making. Public fund officials have demanded major oil companies appoint environmentalists to their boards, and some managers and trustees helped draft the "Valdez Principles" of sound environmental practices for corporations. This may set the stage for pension funds to become more directly active in environmentally beneficial investing.

Wilderness is endangered around the world. Pension funds, with their long-range responsibility for future standards of living, could help save it.

Evolution in both environmental and economic thought has brought about a new outlook. The view now is that ecological health and long-term economic growth are not opposites, but rather symbiotic.

Even wilderness can have economic value. Recent studies by the World Bank conclude retaining wilderness for watershed maintenance and erosion prevention can be economically superior to developing it for agriculture.

Wilderness also has value for absorbing carbon dioxide and producing oxygen, for sheltering animal and plant life and preserving biodiversity for possible future uses, for its pure amenity value and for its value to recreationists and nature lovers.

Whatever the value of wilderness and however intangible and unmarketable it may be, one thing can be said about it with some certainty: its value is rapidly and inexorably increasing.

The trouble with economically measurable environmental values is they depend on very long-term analysis. The value of rain forests, for example, lies partly in their role in retarding global warming during the next 50 or 100 years, and partly in the medicinal plants they may harbor.

Traditionally, the chief economic actors in Western society have been the corporations. Corporations' time horizons simply are not long enough for them to give full consideration to environmental values. Exxon, owning a wilderness, will drill it for oil or

mine it for coal rather than preserve it for its environmental values. Even corporate managements that consider themselves long-range planners think of the long term as five or 10, sometimes 20, years, never 50 or 100 years.

Pension funds are — or should be — a horse of another color. The responsibility of the pension fund is to assure its 30-year-old employee of the greatest possible well-being at age 80. But the pension fund's horizon is arguably much greater than 50 years. By the time the employee reaches 80 there will be other employees and retirees with whose assets his or hers will be commingled. Therefore, the assets must continue to hold bright promise. Thus the pension fund horizon could be 70, 80, even 100 years.

Managing pension fund assets for a 50- or 100-year time horizon requires 50- or 100-year thinking, not the three-month thinking that is the current norm. A lot happens

in 50 years, and one of the things that frequently happens is that intrinsic, intangible values somehow become tangible.

This long-range outlook, coupled with the pension funds' deep pockets, makes them likely candidates to become wilderness investors.

Not even the Nature Conservancy, an influential private-sector wilderness preservation group, can buy enough wilderness to count for much on a global scale. Debt-for-nature swaps — where an environmental organization buys a country's debt at a deep discount and then exchanges it for an agreement to preserve the wilderness areas within that country — while important, are limited.

But the \$56 billion California Public Employees' Retirement System, for example — as well as many other pension funds of comparable size — could really make an impact.

If the California Public Em-

ployees' fund can hold more than \$500 million worth of IBM Corp. stock, why not a paltry \$100 million in wilderness, for starters? In a well-diversified portfolio with a very long horizon, an asset can be desirable for its long-term growth potential alone.

The pension fund buying wilderness could contract with environmental organizations to manage it. Covenants would be drawn up stipulating the wilderness cannot be milked for short-term gains.

The hardheaded will ask, "How can a pension fund ever derive any revenue from an investment in wilderness?"

The answers to this question range from practices that preserve virtually all wilderness values, to practices that are sustainable but degrade some wilderness values.

Three means of deriving revenue that preserve virtually all wilderness values are:

- Charging recreationists for the right to hike, camp, fish and

Continued on page 61



Wilderness lands might be an appropriate investment for pension funds, whose long-term horizons and deep pockets make them attractive ownership candidates.



M. Edesess, an economist and mathematician, consults on resource economics.

This announcement appears as a matter of record only

Graphic Arts Center, Inc.

a corporation controlled by
McCown De Leeuw & Co. and Management
has acquired the assets of

Graphic Arts Center

in a management buyout transaction. The undersigned
sponsored this transaction, negotiated
and structured the acquisition, arranged the financing
and provided the majority of the equity.

McCOWN DE LEEUW & Co.

3000 Sand Hill Road
Building 3, Suite 290
Menlo Park, CA 94025
(415) 854-6000

900 Third Avenue
28th Floor
New York, NY 10022
(212) 418-6539

September 11, 1989

This announcement appears as a matter of record only

National Fiberstok Acquisition Co., Inc.

a corporation controlled by
McCown De Leeuw & Co.,
Ralph B. Hurlbutt, and Management
has acquired the assets of the

National Fiberstok Corporation

in a management buyout transaction. The undersigned,
together with Ralph B. Hurlbutt and management, initiated this
transaction, negotiated and structured the acquisition, arranged
the financing and provided the equity.

McCOWN DE LEEUW & Co.

3000 Sand Hill Road
Building 3, Suite 290
Menlo Park, CA 94025
(415) 854-6000

900 Third Avenue
28th Floor
New York, NY 10022
(212) 418-6539

September 21, 1989

This announcement appears as a matter of record only

McCown De Leeuw & Co.

has joined an investor group
led by Ardshiel, Inc.,
in the acquisition of

The Company Store, Inc.

The undersigned has made
an equity investment in
this management buyout transaction

McCOWN DE LEEUW & Co.

3000 Sand Hill Road
Building 3, Suite 290
Menlo Park, CA 94025
(415) 854-6000

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September 18, 1989

CASH MANAGEMENT UPDATE

Rate of growth slows

NEW YORK — The growth in bank cash management services has slowed dramatically in the past two years and the trend is expected to continue at least through this year, according to a survey by the international accounting firm of Ernst & Young.

The Ernst survey shows a 7% cash management revenue increase for 1988, down from 8% in 1987. In contrast, cash management revenue grew at an average of 16% between 1984 and 1986.

Ernst projects a 5% to 6% revenue growth rate for commercial bank cash management services in 1989 to an estimated \$5 billion to \$5.1 billion, from \$4.8 billion in 1988.

The findings reflect distinct and

significant changes in the cash management environment, according to Susan Gleason, senior manager of Ernst & Young's cash management consulting practice.

"Industry executives are facing an increasingly competitive situation in which pricing strategies, customer service and product differentiation are primary considerations," she said.

The survey found the declining rate of growth is most pronounced among the top 20 commercial banks. Those banks account for about 40% of the industry's total revenue but the growth rate for this group was only 4.5% between 1987 and 1988.

The survey indicated that large corporate customers continued to consolidate their usage of cash management products. Since

1987, there has been a 17% decline in the number of lockbox customers reported by banks while remittances have increased 13% indicating corporations are reducing the size of their lockbox networks and using fewer banks.

According to Ms. Gleason, the consolidation of cash management product usage is a result of several factors.

"First, the corporate environment is being streamlined through merger and acquisition activity," she said. "Second, corporations are looking for ways to reduce banking costs and to take advantage of volume discounts. Finally, with increased efficiencies in the Federal Reserve's check-clearing process and a lower interest rate environment than we saw in the early 1980s, corporations do not need as extensive collection and concentration networks."

59% passing rate. That compares with the cumulative passing rate for the four years of the CCM program of 66%.

Commercial paper up

NEW YORK — U.S. commercial paper outstanding increased \$2.97 billion in July, according to the Federal Reserve Bank of New York, while other categories of commercial paper fell from June levels.

The U.S. commercial paper increase stemmed from an \$11.7 billion rise in dealer-placed financial company paper, according to the New York Fed. At the end of July, commercial paper outstanding amounted to \$506.4 billion, compared with \$503.4 billion in June.

The increase in dealer-placed financial company paper was the largest since February, bringing the level to a record \$179.4 billion from \$167.7 billion in June.

Directly placed paper dropped by \$5.2 billion to \$205.8 billion, from \$211 billion in June.

Non-financial company paper declined \$3.5 billion in July to \$121.2 billion from \$124.7 billion. Foreign commercial paper issued in the United States rose \$2.8 billion to \$55.5 billion from \$52.7

billion. Non-rated commercial paper fell \$40 million to \$2.96 billion.

Delaney on own again

SEWICKLEY, Pa. — George Delaney has reactivated the firm of L.M. Delaney Co. and the STIPS cash universe to provide short-term performance and asset review of cash equivalent portfolios managed by banks, insurance companies and investment management firms.

Mr. Delaney resigned earlier this year from Butcher Consulting Group, Pittsburgh, where he helped develop a similar performance measurement service using data developed by L.M. Delaney Co.

"This is a continuation of the work I've done for the past three years. We're looking at short time frames as others do, but will provide annualized returns as well as quarter, month, year and three and five year periods, medians and quartile returns rather than average returns," he said.

The Delaney data show portfolio maturity structure, portfolio mix, domestic and dollar-denominated foreign securities and taxable and tax-free markets, with returns given before fees.

Wilderness

Continued from page 59

boat in the wilderness. When the revenue-maximizing fee is charged, the wilderness will not be overwhelmed, and the ecology, as well as the revenue, will be sustainable.

- Charging pharmaceutical, agricultural and forestry firms for exploration rights to discover new commercial plants or research existing ones.

- Allowing limited hunting and levying the charge the market will bear.

Fifty years in the future it is quite possible — nay, likely — other revenue-producing opportunities will arise — some of them inconceivable or only barely conceivable now.

For example, the idea that industrial countries should pay forested countries for the oxygen they produce already is being discussed.

If more revenue must be generated, the following options are available that only slightly degrade wilderness values:

- Allowing sustainable, low-impact timber harvesting, and

charging what the market will bear.

- Selling water rights to agricultural interests and municipalities, carefully crafted so as not to impair wilderness values.

Another set of revenue-raising techniques may smack of "protection," yet eventually could become quite legitimate.

The idea is to charge beneficiaries — such as neighboring residential areas or downstream agriculture — for not withdrawing certain services, like watershed and erosion protection and the amenities associated with residing near a wilderness.

Together with a doomsday fallback option of just selling the whole thing for development, it should be clear that buying wilderness as a very long-term investment is not quite the same as throwing money away.

Furthermore, if the pension fund's charter is interpreted broadly to mean the improvement of the quality of life of future retirees, it just might help do the job better than money growth rates could ever reflect.

840 gain certification

NEWTOWN, Conn. — More than 800 treasury professionals passed the National Corporate Cash Management Association's June 3 certification examinations and earned the designation of certified cash manager.

Of the record 1,427 persons who sat for the exam, 840 passed, for a

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 200 Connecticut Avenue, Norwalk, CT 06854

Wilderness distribution by region

	Wilderness km ²	%	No. of areas
Antarctica	13,208,983	100.0	2
North America	9,077,418	37.5	85
Africa	8,232,382	27.5	434
Soviet Union	7,520,219	33.6	182
Asia	3,775,858	13.6	144
South America	3,745,971	20.8	90
Australasia	2,370,567	27.9	91
Europe	138,553	2.8	11
World	48,069,951	32.3	1,039

Source: Royal Swedish Academy of Sciences' Journal of the Human Environment

Wilderness distribution by biomes

Biome	km ²	% of total wilderness
Tundra communities	20,047,533	41.7
Warm deserts/semi-deserts	9,329,531	19.4
Temperate needleleaf forests	8,799,312	18.3
Tropical humid forests	3,006,855	6.3
Mixed mountain systems	1,973,391	4.1
Cold-winter deserts	1,478,494	3.1
Tropical dry forests	1,424,099	3.0
Tropical grasslands/savannas	735,331	1.5
Temperate rainforests	450,215	0.9
Temperate broadleaf forests	290,646	0.6
Temperate grasslands	272,016	0.6
Evergreen sclerophyllous forests	170,885	0.4
Mixed island systems	91,647	0.2

Source: Royal Swedish Academy of Sciences' Journal of the Human Environment